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Annual Report

Ministry of Environment

Alberta

100-07529/

Public Accounts 1999 2000 — Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 ministries.

The annual report of the Government of Alberta released in June contains the Provincial Treasurer's accountability statement, the consolidated financial statements of the province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Environment contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- the financial statements of entities making up the ministry including the Department of Environment, regulated funds, provincial agencies and Crown-controlled corporations for which the minister is responsible.
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.
- financial information relating to accountable organizations and trust funds.

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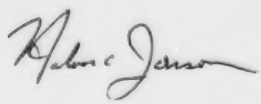
Minister's Accountability Statement

The Honourable Ken Kowalski
Office of the Speaker
Legislative Assembly of Alberta

Sir:

The Ministry of Environment's annual report for the year ended March 31, 2000 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at May 24, 2000 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Respectfully submitted,



Halvar C. Jonson
Minister of Environment

Message from the Minister

Through diverse activities and initiatives during the past fiscal year, Alberta Environment continued to ensure our environment remains a well-protected resource for the people of our province.

A top priority was making certain that Albertans enjoy high quality air, water, land and forests. This was accomplished in part through a vigilant enforcement program. Implementing some of the world's most stringent environmental standards, the Ministry obtained over 3,700 convictions and assessed 81 administrative penalties related to legislative infractions. The result was a total of more than $900,000 in penalties.

Another priority was protecting Alberta's fish and wildlife. Substantial areas were set aside for new parks and protected areas, including land allotted through the Special Places program. Considering the devastating effects of forest fires in recent years, an early fire season was declared. Firefighting staff were on the job and prepared to combat fires earlier than usual.

"Partnerships with communities and stakeholders is an important goal."

Climate change was given priority by the Ministry. The Bureau of Climate Change was consolidated in part to lead the support of provincial government policy decisions regarding climate change. Bureau activities are focused on provincial or national-international climate change activities. The group supports the government's partnership participation in Climate Change Central, established in November 1999, which furthers Alberta's leadership in addressing climate change in Canada.

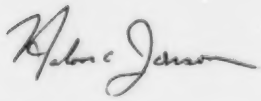
Developing partnerships with communities and stakeholders has always been an important goal. A good example is the regional sustainable development strategy the Ministry developed for the Athabasca oil sands region, in co-operation with other partners and stakeholders. This regional planning approach incorporated economic, environmental and community values in the sustainable management of resources and the environment in the region.

As part of our commitment to community level service, additional staff were hired to serve in communities throughout Alberta. Some were conservation officers, a new designation which combines the responsibilities of park wardens and fish and wildlife officers. This gave us the ability to quickly place officers where they are most needed, to respond to a variety of demanding situations as well as peak seasons-camping and hunting seasons, for example.

The Ministry also continued to invest in the future. Environment directly invested $2.9 million in research in 1999-2000, a sum that attracted $11.8 million in additional funding from other partners. These funds are being used to research sustainable ecosystem management; air emissions; water quality and quantity; and land reclamation and remediation, among other issues.

There is a greater demand for Alberta's natural resources than ever before. Some important decisions in the last fiscal year involved achieving a balance between protecting the environment and building Alberta's economy. Determining whether development should proceed or not proceed is based on careful examination of environmental impacts of development.

The people of Alberta are our partners. My shared responsibility with all Albertans is to ensure that we have the best place to raise our children, now and in the future. In order to fully enjoy our natural environment, we need to work toward the best overall health of Albertans and of our natural heritage. As Minister of Environment, I am pleased to lead a department dedicated and committed to these goals.



Halvar C. Jonson
Minister

Management's Responsibility for Reporting

The Ministry of Environment includes: Department of Environment, Environmental Protection and Enhancement Fund and Natural Resources Conservation Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, we ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry of Environment for the year ended March 31, 2000 rests with the Minister of Environment. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under Ministry administration;
- provide Executive Council, Treasury Board, the Provincial Treasurer and the Minister any information needed to fulfil their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

C. D. Radke
Deputy Minister
Ministry of Environment

Introduction

The Ministry business plan for 1999-2002 provided Alberta Environment with clear directions outlined in our goals, strategies and key activities. Our results for the 1999-2000 fiscal year demonstrated that this Ministry is an effective and performance-driven organization.

The Ministry of Environment is composed of the Department of Environment as well as two Boards: the Environmental Appeal Board and the Natural Resources Conservation Board. As well, the department is responsible for the Environmental Protection and Enhancement Fund.

In November 1999, Alberta Environment established a Policy Secretariat to support the policy analysis and developmental needs of the department. The three line services consisting of Environmental Service, Natural Resources Service and Land and Forest Service will continue to play an important role in the analysis and development of policy. The Policy Secretariat will provide an integrated approach to policy analysis and development as an effective means to promote improved coordination of policy initiatives within the department.

Alberta Resource Development has traditionally partnered with Alberta Environment to coordinate government policy and programs on climate change. In December 1999, several staff moved from Alberta Resource Development to the Ministry of Environment to form the Bureau of Climate Change. The group supports Alberta Environment's coordination of provincial climate change activities and consolidates support for the Alberta government's participation in Climate Change Central.

People

We continued to set standards and guidelines for air, land, soil and water quality. Monitoring and enforcing these standards with industry and municipalities contributes to the overall health and high quality of life of Albertans.

Prosperity

We continued to dedicate resources to the effective and responsible delivery of our core businesses-managing Alberta's renewable natural resources and managing environmental hazards. These core businesses are crucial to Alberta's long-term prosperity and economic well-being.

Preservation

We continued to balance our economic well-being with environmental preservation by supporting research in priority areas such as air, land, water, climate change, sustainable ecosystems, environmental assessment and regulatory systems. Research in these areas will assist in long-term preservation of our environment.

The Department of Environment is organized into four main areas: Environmental Service, Natural Resources Service, Land and Forest Service and the Bureau of Climate Change. These groups are supported by Financial Services, Human Resource Services, Communications Division and the Policy Secretariat. All segments of the department share the same vision and work together to protect our environment and natural resources, ensure a high quality of life for Albertans, and manage Alberta's renewable resources for continued prosperity.

Department

Environmental Service (ES)

Doug Tupper • Assistant Deputy Minister • Phone: 427-6247

ES ensures the protection, enhancement and wise use of the environment through integrated, consistent and effective environmental management strategies and programs. ES develops sustainable resource and environmental management policies and standards, issues pollution prevention and control approvals for industrial and municipal operations, manages the environmental assessment review process and leads the department's compliance program. Programs are founded on science-based decision-making, environmental monitoring and performance measurement, current and stringent standards, compliance assurance and enforcement, public education and stakeholder partnerships.

Land and Forest Service (LFS)

Cliff Henderson • Assistant Deputy Minister • Phone: 427-3542

LFS' mission is to ensure sound stewardship of Alberta's public lands and Crown forests. To achieve this, LFS manages the use of public lands and crown forests, reviews and approves all geophysical activity on Crown land (both White and Green Areas) and ensures these activities conform to applicable provincial regulations and standards for land and forest resource use.

Natural Resources Service (NRS)

Morley Barrett • Assistant Deputy Minister • Phone: 427-6749

NRS is responsible for the management of Alberta's water, wildlife and fish, and parks and protected areas. NRS is committed to the wise use and sustainable development of these renewable resources to support a prosperous provincial economy, a healthy environment and a high quality of life for present and future generations of Albertans. This responsibility is met through monitoring, careful and fair resource allocation, public education, enforcement and management of parks and protected areas and water capital works.

Bureau of Climate Change

John Donner • Assistant Deputy Minister • Phone: 415-8183

Leadership of climate change activities was transferred to Alberta Environment from Alberta Resource Development in December 1999. The Bureau reports to the Sustainable Development Council and supports government policy and program development, and coordination across government. It also supports government participation in Climate Change Central, a multi-sector partnership between public and private sectors. The Bureau's objective is to continue to expand Alberta's climate change response, consistent with Canada's national implementation strategy on climate change which supports sensible action to manage the risks and impacts of climate change.

Boards

The Minister of Environment is responsible for the Environmental Appeal Board and the Natural Resources Conservation Board. These Boards operate at arm's length from the Department and report directly to the Minister.

Environmental Appeal Board (EAB)

Dr. William Tilleman • Phone: 427-6207

The Environmental Appeal Board, consistent with the *Environmental Protection and Enhancement Act* and the *Water Act*, seeks to provide fair, impartial and efficient resolution of all matters before it. Its goal is to advance the protection, enhancement and wise use of Alberta's environment.

Generally, the board has the power to make recommendations to the Minister of Environment on matters brought before it, with the Minister making the final decision. On matters relating to requests for confidentiality, stays, costs and administrative penalties, the board makes the final decisions. The board does not replace or eliminate the right of Albertans to seek judicial review in the courts consistent with normal common law practice.

Natural Resources Conservation Board (NRCB)

Dr. Brian Bietz • Phone: 422-1977

The core business of the NRCB is to review applications for major natural resources projects. It provides an open, fair and impartial review process for projects that will, or may, affect the natural resources of Alberta. The hearing process contributes to the achievement of sustainable natural resource development, reflecting the public interest. The *Natural Resources Conservation Board Act* and the *Alberta Environmental Protection and Enhancement Act* require the NRCB's approval for certain projects from the forest, recreation and tourism, and mining industries, as well as water management projects and others referred to the board by Cabinet.

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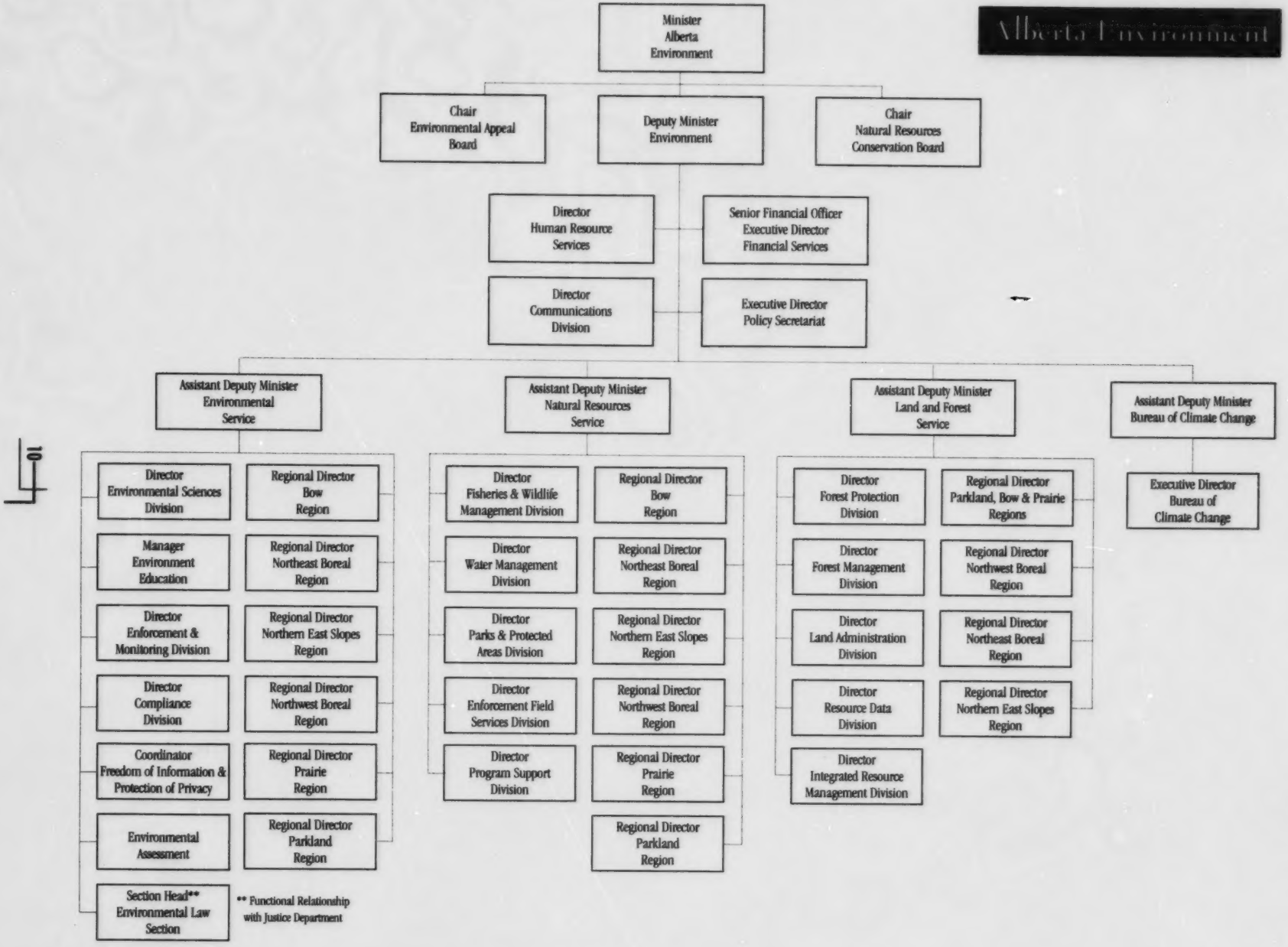
Alberta Environment



Ministry Core Business Goals and Accomplishments

The 1999-2000 business plan for the Ministry of Environment built on the results of previous plans, dedicating resources to the efficient, effective and responsive delivery of the Ministry's core businesses. The plan also focused resources on the priorities of the Alberta government-People, Prosperity and Preservation.

Accomplishments and performance measures reported in this document are organized according to the goals and strategies of the 1999-2002 Ministry business plan. Once again, the Ministry's accomplishments demonstrated its commitment to the sustainable management of Alberta's natural resources, which is the key to maintaining Alberta's dynamic resource-based economy and economic prosperity for the long-term, and to sustaining the Alberta Advantage.

The Ministry's core businesses focused on the following:

A commitment to sustainable resource and environmental management.

Resource Management

Striving to ensure the sustainable use of Alberta's renewable natural resources through the development and implementation of legislation, policies, plans and programs, standard setting, compliance monitoring, ambient monitoring, renewable resource inventories, environmental impact assessments and the issuance of approvals.

Striving to ensure the environmentally responsible development of non-renewable natural resources in close collaboration with other ministries having a related mandate.

Environmental Hazard Management

Reducing the risks of environmental hazards to people, property and the sustainability of our renewable natural resources through firefighting, flood control and problem wildlife control.

The Ministry's goals are:

- Protect and maintain Alberta's high quality air, land and water for the health and enjoyment of Albertans.
- Manage Alberta's renewable resources for the continued prosperity and benefit of Albertans.
- Protect and manage Alberta's natural resources and ecosystems for present and future generations.
- Continuous improvement of Ministry and shared government services that support the delivery of Ministry and government core businesses.

All aspects of Environment's core businesses were guided by and conducted according to the Ministry's operating principles of resource sustainability, informed decision-making, shared responsibility, public involvement and customer service. The coming pages outline the goals and strategies of the 1999-2000 business plan and the Ministry's accomplishments over the course of the 1999-2000 fiscal year.

Goal 1

Protect and maintain Alberta's high quality air, land and water for the health and enjoyment of Albertans.

Alberta's environmental standards are among the most stringent in North America.

- A successful Climate Change Round Table that featured 102 participants from all Alberta sectors was held on April 30 and May 1 to discuss turning the government climate change strategy into action. On November 5, 1999, the Premier announced the Government's commitment to the establishment of Climate Change Central. To support the Alberta government's participation in Climate Change Central and to strengthen the partnership between Alberta Environment and Alberta Resource Development, several staff and the Assistant Deputy Minister of Climate Change have joined our Ministry to form the Bureau of Climate Change.
- Our department championed and led the national Canadian Council of Ministers of the Environment (CCME) consensus process to develop Canada-wide standards for petroleum hydrocarbons (PHCs) in soil, including managing multi-stakeholder consultations. We also participated in Canada-wide standards development committees for particulate matter and ozone, benzene, mercury, dioxin and furan. Several of the proposed standards have been presented to ministers. Copies are available from the CCME Web site: http:/www.ccme.ca/2e_new/2e.html.
- The department continues to revise and update air, land, and water quality guidelines as well as pollution control standards to ensure they reflect current knowledge and contribute effectively to environmental sustainability and protection goals. During this fiscal year, the department developed several standards and guidelines that include: wastewater irrigation; land application of sewage sludge; natural and constructed wetlands; salinity management; fertilizer manufacturing wastewater effluents; ambient air quality; surface water quality; land application of pulp mill sludge; and wetland establishment on reclaimed oil sands leases. These can be viewed in our department library.
- "Protocol for the Development, Review and Use of Codes of Practice" was developed in consultation with Alberta Agriculture, Food and Rural Development. The Protocol establishes and implements procedures to ensure that the codes of practice are clear, consistent and enforceable. Copies can be viewed at our department library. We are currently reviewing whether certain activities are better regulated through codes of practice or through approvals.

- A comprehensive ambient air quality monitoring unit for the City of Red Deer became operational in January 2000. The addition of this air quality monitoring station increased the number of these units in the provincial network to nine.
- Using the mobile air monitoring laboratory, the department conducted 108 survey days. This is the largest number of mobile survey days undertaken by the Alberta Environment mobile air monitoring lab in one year.
- A soil quality database was established that includes information on approvals-based soil monitoring.

Goal 1

Protect and maintain Alberta's high quality air, land and water for the health and enjoyment of Albertans.

Strategy 1.1 — Establish acceptable standards for air, land and water quality.

- A successful Climate Change Round Table that featured 102 participants from all Alberta sectors was held on April 30 and May 1 to discuss turning the government climate change strategy into action. On November 5, 1999, the Premier announced the Government's commitment to the establishment of Climate Change Central. To support the Alberta government's participation in Climate Change Central and to strengthen the partnership between Alberta Environment and Alberta Resource Development, several staff and the Assistant Deputy Minister of Climate Change have joined our Ministry to form the Bureau of Climate Change.

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Strategy 1.2 — Monitor, assess and take action to maintain the quality of Alberta's air, land and water.

- A comprehensive ambient air quality monitoring unit for the City of Red Deer became operational in January 2000. The addition of this air quality monitoring station increased the number of these units in the provincial network to nine.
- Using the mobile air monitoring laboratory, the department conducted 108 survey days. This is the largest number of mobile survey days undertaken by the Alberta Environment mobile air monitoring lab in one year.
- A soil quality database was established that includes information on approvals-based soil monitoring.

- The department was instrumental in providing monitoring and technical assistance to two major releases of air, soil and possibly water contaminants in the Hub Oil explosion in Calgary and the Enchant gas well blowout.
- The Alberta Groundwater Quality Monitoring Network is designed to collect representative samples from a system of deep and shallow wells throughout Alberta. There are 300 wells in the network that are randomly located in the settled areas of the province. During the fiscal year, 30 wells in the high quality groundwater monitoring network were sampled.
- Alberta Environment is taking a prominent role in the Oldman River Basin Water Quality Initiative that includes four components: land use, water quality monitoring, beneficial management practices, and education. Surface water quality has met most guidelines at many sites. A vulnerability assessment of surface and groundwater hydrology is being developed to guide development to sites less susceptible to impacts.

Department enforcement actions:

3,700 convictions,

81 administrative penalties,

more than $900,000 in penalties assessed.

- The department established a pilot project with Public Lands (Department of Agriculture, Food and Rural Development) and Ducks Unlimited on wetland habitat retention in the Lac La Biche-Athabasca area.
- In 1999, British Columbia's Environmental Assessment Office commissioned a comparative study of environmental assessment processes in selected jurisdictions. The average time to complete the environmental assessment process in Alberta was 15 months, the quickest turn-around time of any jurisdiction.
- The Accountability Framework for Delegated Administrative Organizations (DAOs) has been implemented. Staff used the framework to review DAO business plans to determine if they meet Ministry business plans goals and objectives. Successful programs under the DAO Framework include beverage containers managed by the Beverage Container Management Board (BCMB) and used oil, filters and containers managed by the Alberta Used Oil Management Association (AUOMA). The BCMB reports container returns of 714,000,000 containers representing a return rate of 79% of regulated beverage containers. The AUOMA reports return rates of 69% for used oil, 77% for filters and 34% for containers. A memorandum of understanding with the Alberta Dairy Council to establish a voluntary milk jug recycling program in partnership with municipalities was also signed.
- A document entitled Industrial Waste Identification and Management Options was developed in collaboration with industry to minimize production of industrial and hazardous waste and to ensure compliance with proper waste treatment and disposal practices. Alberta has a very high recycling rate for hazardous waste (in excess of 70% each year). Approximately 12,000 hazardous waste manifests were processed and used to track hazardous waste generation, transportation and disposal. The department held 110 household hazardous waste roundups across Alberta as well as year-round collection in Edmonton, Calgary and Lethbridge. A record 780,000 litres of waste was collected, including 458,380 litres of waste paint and about 78,000 aerosol containers. A memorandum of understanding with the Energy and Utilities Board on the deposition of oilfield waste into landfills was also completed.
- Daishowa-Marubeni International Ltd. implemented 100% chlorine dioxide substitution in the bleaching of their kraft pulp. With this process change, all four kraft pulp mills in Alberta now use elemental chlorine free (ECF) bleaching. ECF bleaching

substantially reduced the amount of chlorinated organics, including dioxins and furans, produced in a bleached kraft pulp mill.

- The department examined options to improve existing regulatory systems that involved research and concept development on Alternative and Innovative Approaches to Regulatory Strategies (AIARS). The multi-stakeholder advisory committee endorsed proceeding to a pilot project on development and testing. Staff are working on the possible development of an innovative/alternative environmental regulatory approval that would reward companies that have demonstrated positive environmental performance and have committed to continuous environmental improvement.
- The Timber Production and Revenue System (TPRS) was further decentralized during 1999-2000 by having timber permits issued directly from field offices. The result is an increase in information being captured by TPRS and more efficient service provided to clients.
- In 1999, the department completed 137 new environmental approvals, 248 approval renewals, and 362 amendments to existing approvals under the *Environmental Protection and Enhancement Act*.
- The department held 2,794 inquiries and issued 2,357 reclamation certificates for sites that had surface disturbances.
- The department obtained over 3,700 convictions and assessed 81 administrative penalties related to infractions of departmental legislation. A total of over $900,000 in penalties was assessed during this period: over $690,000 in court penalties and over $230,000 in administrative assessments.
- During the fiscal year, 815 proactive, unannounced compliance inspections were conducted, covering 33% of approved industrial facilities, 36% of municipal facilities and 43% of waste management facilities. A proactive compliance inspection program was initiated to ensure that industries and municipalities operate their facilities within the approval requirements of the *Environmental Protection and Enhancement Act*.
- Alberta Environment and Alberta Agriculture, Food and Rural Development (Public Lands) continued development of Alberta Environment's compliance assurance principles (CAP). CAP will be the foundation for Alberta Environment's overall program to ensure a clear, consistent, coordinated and harmonized approach to its compliance assurance activities. It will improve the department's effectiveness, consistency and credibility in its activities to ensure regulated parties comply with all legislation Alberta Environment is responsible for.
- For the 1999-2000 fiscal year, a Departmental Compliance Assessment Plan was prepared that set targets for the number and type of compliance assessments to be conducted by each Service of the department (and the Public Lands Division of Agriculture, Food and Rural Development). The targets help to ensure that inspection and audit programs are well focused and planned.
- Alberta Environment has been working with Alberta Energy and Utilities Board and coal mine staff to ensure that progressive reclamation of areas around coal mines is underway and work continues in the remediation of Alberta Infrastructure's maintenance yards.
- Alberta has one of the only environmental appeal boards in Canada currently using alternative dispute resolution (ADR) to such a large degree. The Environmental Appeal

Board (EAB) is a model, both nationally and internationally, for other boards wanting to adopt a similar framework of operation. By using mediation, the parties are empowered to decide the final outcome of an appeal. Because the board is always looking at ways to improve its procedures, a questionnaire was developed and given to all parties to complete following a mediation meeting/settlement conference to assess overall satisfaction of the solution agreed upon. Detailed analysis of these questionnaires is in the early stages, but initial results indicate that the vast majority of participants are satisfied with the results of the mediation. Questionnaires will continue to be used to improve the EAB's mediation program.

Research:
Continued commitment to partnerships with other departments, the federal government, industry, universities and other non-government organizations.

- Educational programs were delivered to over 1,600 educators by Alberta Environment staff. Educational programs on topics such as forest management, forest fire prevention, biodiversity, water quality and protected areas issues were successfully delivered in many communities across the province as well as through teachers' conventions/conferences. Programs and workshops were also delivered to pre-service teachers through the University of Alberta and the University of Lethbridge.
- The department's forestry youth programs continued to provide educational opportunities in forest management for young Albertans in 1999-2000. Sixty-four Junior Forest Warden (JFW) clubs were operating within the province, comprised of approximately 2,500 wardens and leaders. JFW clubs took part in establishing a new world record for the number of trees planted (34,083 white spruce in one day). Alberta Environment worked with Jasper National Park as the park hosted the first junior forest ranger (JFR) crew. The endeavor was a success, and the park will be hosting another crew this year. JFR crews were also operating in the Peace River, Slave Lake, Fox Creek, Hinton, Nordegg and Jasper areas.
- An innovative staff education program on the topic of climate change was developed and implemented. This program helps to build staff capacity to address this issue with the public. It also encourages and motivates staff to take personal action on the issue of climate change.
- Alberta invested $2.9 million in research in 1999-2000. The department's investment is supported by some $11.8 million in additional funds from other government departments, the federal government, industry, universities and non-government organizations. Four key areas of research were sustainable ecosystem management; sources, characteristics and effects of air emissions; water quality and quantity; and land reclamation and remediation.
- A new policy on the minimum heat content required for flared acid gas was developed, based on new research from the University of Alberta. The policy applies to all new plant approvals. As a result of this new information, Alberta Environment will also be reviewing heat content requirements for flares in other industry sectors.
- Alberta Environment continued to participate in the Sustainable Communities Initiative. The involvement of regional staff at a community level is key to the ongoing success of this program. Communities have been involved in activities such as toxic round-ups, waste minimization, tree plantings, and enhancing urban green space. The community of Edson was nominated for an Emerald Award this year for its involvement in the initiative.

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Strategy 1.3 — Actively promote understanding and improve knowledge of Alberta's environment.

- Educational programs were delivered to over 1,600 educators by Alberta Environment staff. Educational programs on topics such as forest management, forest fire prevention, biodiversity, water quality and protected areas issues were successfully delivered in many communities across the province as well as through teachers' conventions/conferences. Programs and workshops were also delivered to pre-service teachers through the University of Alberta and the University of Lethbridge.

Research:
Continued commitment to partnerships with other departments, the federal government, industry, universities and other non-government organizations.

- The department's forestry youth programs continued to provide educational opportunities in forest management for young Albertans in 1999-2000. Sixty-four Junior Forest Warden (JFW) clubs were operating within the province, comprised of approximately 2,500 wardens and leaders. JFW clubs took part in establishing a new world record for the number of trees planted (34,083 white spruce in one day). Alberta Environment worked with Jasper National Park as the park hosted the first junior forest ranger (JFR) crew. The endeavor was a success, and the park will be hosting another crew this year. JFR crews were also operating in the Peace River, Slave Lake, Fox Creek, Hinton, Nordegg and Jasper areas.
- An innovative staff education program on the topic of climate change was developed and implemented. This program helps to build staff capacity to address this issue with the public. It also encourages and motivates staff to take personal action on the issue of climate change.
- Alberta invested $2.9 million in research in 1999-2000. The department's investment is supported by some $11.8 million in additional funds from other government departments, the federal government, industry, universities and non-government organizations. Four key areas of research were sustainable ecosystem management, sources, characteristics and effects of air emissions, water quality and quantity, and land reclamation and remediation.
- A new policy on the minimum heat content required for flared acid gas was developed, based on new research from the University of Alberta. The policy applies to all new plant approvals. As a result of this new information, Alberta Environment will also be reviewing heat content requirements for flares in other industry sectors.
- Alberta Environment continued to participate in the Sustainable Communities Initiative. The involvement of regional staff at a community level is key to the ongoing success of this program. Communities have been involved in activities such as toxic round-ups, waste minimization, tree plantings, and enhancing urban green space. The community of Edson was nominated for an Emerald Award this year for its involvement in the initiative.

- The department library continues to provide barrier-free access to environmental information resources and enhanced its information web site with added links to databases for faster access to current environmental information.
- The Information Centre provided access to departmental information through its interactive Internet Web site and also provided 24-hour, seven days per week access to departmental contact information and comprehensive publication lists. The use of the external Web site to consult on proposed changes to requirements and to disseminate information on new policies, requirements and information has increased significantly.
- Alberta Environment is a major sponsor, contributor and member of Partners in Protection, an Alberta-based coalition dedicated to raising awareness and providing information to reduce the risk of wildfire losses in the wildland/urban interface. In May 1999, Partners in Protection published *FireSmart: Protecting Your Community from Wildfire*; available by contacting Partners in Protection / P.O. Box 45057 / Lansdowne Postal Station / Edmonton, Alberta T6H 5Y1.
- The department published its 1999 annual report: *Forest Health in Alberta*, which provides details about forest insect pests, diseases and weeds in Alberta in 1999. Copies of the report are available from Alberta Environment's Information Centre.
- A final draft of the Air Quality Report was completed. Input was received from a variety of stakeholders in the development of the report and will be available on the Internet and at the Information Centre in the near future. The comprehensive report that provides an overview of the state of Alberta's environment is being prepared.
- The department developed an annual report detailing compliance assessment and enforcement activities during the 1999-2000 fiscal year.
- The Natural Resources Conservation Board posted the results of its 1998 Client Survey on the NRCB Web site. The site is now being updated more frequently and expanded to ensure that Albertans can access current and accurate information on each of the applications before the board. In addition, the NRCB is using electronic list servers to quickly notify interested parties of any changes in the status of board applications.
- The Environmental Appeal Board maintains documents, rules and procedures in an updated form to provide board staff and clients with easy access to appeals. This information is available from the board office and the EAB Web site. Various information pamphlets (e.g. *Mediation/Settlement Conference Information Brochure - Mediation What is it? Why use it?* and *Filing an Appeal under* Environmental Protection and Enhancement Act) have been created and updated.

Report-A-Poacher:
3,200 calls,
$39,000 in rewards
paid out.

- The department continues to obtain public input and develop program partnerships. It continues to adhere to the principle of consultation before action and to take approaches that ensure the views of local citizens and communities are considered in policy development and program delivery. Partnerships were developed and maintained with a broad range of stakeholders (e.g. Waste Management Assistance Program and the Alberta Water Management and Erosion Control Program) and other agencies (e.g. Bow River Water Quality Council and Alberta Trapping Association).
- The NRCB was engaged in the public review of four major resource development projects at various stages of implementation. It reviewed an application from United Industrial Services to expand its Peace River silica mine, participated in development final terms of reference for the Genesis Spray Lakes Project EIA, and established a joint federal/provincial panel to review new information from Alberta Infrastructure on the Highwood Storage and Diversion Plan. Through its shared services agreement with the EUB, NRCB staff participated in several EUB public hearings, including Cardinal River Coal's proposed Cheviot coal mine.
- The EAB has provided an appeal process that industry and the public can utilize. The board assures public participation in environmental decision making and helps make certain that Alberta's renewable resources are managed appropriately. In 1999, the EAB received 169 appeals. Decisions are reviewed under the *Environmental Protection and Enhancement Act*, the *Water Act* and the *Government Organization Act*.
- Through the Clean Air Strategic Alliance (CASA), the province is continuing to proactively identify and address air management issues. For example, establishing multi-stakeholder regional air monitoring zones throughout the province is an ongoing goal. One new zone has recently been established and two additional zones may be established in the near future to bring the total number of zones to five.
- The department continues to provide ongoing support and assistance to industry and regional communities on water and wastewater management. Several presentations have been made to regional stakeholders on Alberta Environment's current inspections and monitoring programs as well as regional wastewater and landfill management.
- Throughout the 1999 fire season, 81 fires were detected as a result of calls to the 427-FIRE reporting line, available seven days a week with 24-hour service.
- The Report-A-Poacher program received over 3,200 calls and paid out $39,000 in rewards.

Strategy 1.4 — Provide Albertans with opportunities to contribute to environmental protection and natural resource management.

Report-A-Poacher:
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Goal 2

Manage Alberta's renewable resources for the continued prosperity and benefit of Albertans.

Strategy 2.1 —

Support the government's commitment to sustainable resource and environmental management by providing clear direction and effective decision making for the use, management and development of Alberta's natural resources.

- Alberta Environment established the Integrated Resource Management Division (IRM) to lead interdepartmental implementation and act as the "accountability centre" for Alberta's commitment to sustainable resource and environmental management. IRM is working with interdepartmental staff to develop an "IRM process model" for resource and environmental decision-making. This can be useful as a tool for legislative and regulatory reform in the context of sustainable development.
- The Northern East Slopes Region initiated a Sustainable Resource and Environmental Management Strategy Prototype to develop regional goals and values for resource management in the region. The prototype will be developed over the next two years under the direction of a regional steering group that will include broad stakeholder representation.
- The Regional Sustainable Development Strategy for the Athabasca Oilsands has been completed in partnership with regional stakeholders and regulators. Implementation of the strategy commenced in the fall of 1999. Stakeholder response to the strategy document was positive from all major sectors. Copies can be viewed in the department library.

144,843 land dispositions and letters of authority were administered, an increase of 5.2%

- The Clean Air Strategic Alliance Target Loading Subgroup, chaired by Alberta Environment, completed work on the Acid Deposition Management Framework and Implementation, begun in December 1999. The framework establishes an "early warning" system for identifying and addressing potential acid deposition issues in the province. It has been well received by a range of stakeholders in Alberta and is attracting international attention. Application of Critical, Target, and Monitoring Loads for the Evaluation and Management of Acid Deposition can be viewed in our department library.
- The Framework for Water Management Planning discussion draft was provided to stakeholder groups and the public. Comments have been received and compiled. The working group started addressing the comments and preparing the second draft.
- The Minister approved the terms of reference for the Year 2000 Review of Water Management in the South Saskatchewan River Basin, designed to meet the government's commitment to review 1991 irrigation expansion guidelines. Alberta Environment has been working with Alberta Agriculture, Food and Rural Development to conduct and supervise the review. Consideration of alternative water management scenarios for the basin will be provided to the Minister. Recommendations on future basin water conservation objectives will require public and interdepartmental input, therefore, the completion date for the review is now set for December 2001.
- Alberta Environment continued to work with Environment Canada and the Northwest Territories on priority items such as pollution prevention, endocrine disruption in fish, drinking water quality and enhanced environmental effects monitoring in Alberta's northern rivers. All multi-year field programs were designed and implementation has begun. The first

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annual progress report on the Northern Rivers Ecosystem Initiative was released in February 2000 and copies can be obtained from the Information Centre or the department library.

- An interdepartmental agreement for the Shared Stewardship of Forestry Related Responsibilities was signed. Departments sharing Alberta's forestry-related responsibilities are: Alberta Economic Development, Alberta Resource Development and Alberta Environment.
- Alberta Environment staff have been working with several task forces established for the Timber Quota Tenure Policy Review in order to finalize the recommendations prior to forwarding to the Minister. The review will be completed in the first half of 2000-2001.
- Alberta Resource Development relies on timber supply data when preparing requests for proposals for development of the timber resource. Alberta Environment assisted Resource Development in preparing a request for proposals to use deciduous timber from pure and mixed deciduous stands within three defined supply areas in north-central Alberta. This timber supply is a reallocation of timber previously committed to commercial development.
- The department completed revisions to the Alberta forest regeneration standards. The 1991 regeneration standards have been updated and revised to incorporate a better understanding of boreal mixedwood forest regeneration. These new regeneration standards were implemented beginning in May 2000. The new *Alberta Regeneration Survey Manual* is on the Alberta Environment Web site.
- An internal draft discussion paper on integrating fire and forest management was completed and will lead to the development of a provincial strategic plan in which fuel management is one strategy that will be used to mitigate wildfire threat. Also, software tools were developed to translate Alberta vegetation inventory data into fuel types, and models the susceptibility of tree crown to fire. Regional initiatives included working with the forest industry on trials aimed at managing fuels as an integral part of forest management operations carried out by industry.
- The department guide for the management of fish resources, *A Fish Conservation Strategy for Alberta 2000 - 2005*, was published in February 2000. This document reflects the public support for fish conservation generated during the development of recent fish species management plans and confirms the commitment to sustaining the quality of Alberta's fisheries.
- Alberta's Northern Pike Management and Recovery Plan, consistent with the recommendations of the Northern Pike Management Advisory Committee, was completed in June 1999.
- Historical and current biological data on yellow perch was assembled however, the development of a management plan for yellow perch has been deferred to a future date..
- The Winefred Lake Regional Integrated Decision was developed to address and provide resolution of specific and urgent public land and resource issues within a small planning area, following several years of multi-stakeholder input, review and development.
- During 1999-2000, the department administered 144,543 land dispositions and letters of authority, an increase of 5.7% over the previous fiscal year.

- The total number of applications for public land dispositions increased approximately 25%, (from 9,125 in 1998-1999 to 11,443 in 1999-2000). The increase was primarily in industrial applications and reflects the increased activity in the oil and gas sector.
- The total number of timber dispositions administered decreased approximately 3% (from 1,727 in 1998-1999 to 1,664 in 1999-2000). Five hundred and twenty applications were received for timber dispositions received, comparable to the previous fiscal year.
- The Natural Resources Conservation Board investigated a number of approaches for improving the effectiveness and efficiency of project reviews that will occur in 2000-2001. Specifically, board staff reviewed how public information sessions held prior to hearings might be improved or addressed through the Internet. The NRCB also conducted formal discussions with key stakeholders to confirm that key undertakings arising out of the NRCB review and approval process are being fulfilled.

- The *Natural Heritage Act* was introduced in the Legislature in March 1999 and received first and second reading prior to the end of the Spring Session in May 1999. A six-member MLA Review Committee began further consultations with Albertans in August 1999 on key remaining issues in new parks and protected areas legislation to ensure appropriate consultation with all stakeholders. The MLA Review Committee subsequently provided recommendations to the Minister which are being considered for incorporation into new parks and protected areas legislation.
- As an interim measure until the new *Parks and Protected Areas Act* is introduced, Bill 24, the *Wilderness Areas, Ecological Reserves and Natural Areas Amendment Act* was passed during the 2000 Spring Session. Bill 24 creates a "heritage rangeland" class of protected area, provides for the protection and management of these areas and supports the completion of the Special Places program. Bill 24 comes into effect upon proclamation later in 2000.

Two codes of practice under the *Water Act* were implemented, streamlining the system.

- The EAB sought public consultation in 1997 with 73 stakeholders on its Rules of Practice. Recommendations that came out of that consultation were recorded in a Stakeholder Consultation Report and posted on the board's Web site. The results of the report, along with the incorporation of the *Water Act*, resulted in the 1999 amendments to the board's Rules of Practice.
- Work continues on the Regulatory Reform Action Plan. Amendments for the Environmental Appeal Board, Forest Protection Area, Conservation and Reclamation and the Fisheries (Ministerial) Regulation were completed. Of significance is the consolidation of 27 regulations pursuant to the *Public Lands Act* into a single regulation. The new *Dispositions and Fees Regulation* was passed by an Order in Council on March 15, 2000. Purpose of the consolidation was to streamline, simplify and eliminate duplication in the regulations. Rights and responsibilities of the disposition holders remain the same.
- The department implemented two codes of practice under the *Water Act*. The Code of Practice for Pipeline and Telecommunication Lines Crossing a Water Body became effective April 2000 and the Code of Practice for Watercourse Crossings became effective May 2000.

Both documents are available on the department Web site and library. Delays experienced by industry as a result of obtaining approvals and licences under the previous regulatory scheme will be eliminated.

- Alberta Environment played an active role in collaborating with national resource-based ministerial councils. Alberta chaired the Canadian Council of Ministers of the Environment (CCME) for most of the 1999-2000 fiscal year and the Canadian Council of Forest Ministers since September 1999. The department worked to ensure the efficient implementation of the new federal *Canadian Environmental Protection Act* and continued to ensure a strong provincial voice in the consensus-based implementation of the North American Agreement on Environmental Cooperation.
- Alberta continued to work through the CCME and the federal government to implement the Canada-wide Accord on Environmental Harmonization and coordinate activities to reduce overlap in federal-provincial requirements.
- The Canada-Alberta Agreement for Environmental Assessment Cooperation, part of the harmonization initiative, was signed in June 1999. A joint workshop for federal and provincial officials was held in October 1999.

Alberta took a strong stand on the *Species at Risk Act*, reviewing possible duplication and intrusion of the federal government's proposed Bill C-33.

- Alberta hosted and chaired the CCME Deputy Ministers Planning Session in September 1999 and the CCME Council of Ministers meeting in November 1999. The CCME Ministers accepted in principle national standards for four priority pollutants. Alberta, along with other CCME jurisdictions, played an active role in developing these standards. A draft Sub-agreement on Inspections and Enforcement was developed for consideration by the Council of Ministers at their June 2000 meeting.
- Alberta has been a leading participant in a proactive provincial-territorial process that developed common recommendations for input for the federal Five-Year Review of the *Canadian Environmental Assessment Act* (CEAA).
- Alberta took a strong stand on the Water Accord, safeguarding provincial jurisdiction for water management while confirming opposition to bulk water removals.
- Alberta and the Northwest Territories identified and agreed on the technical information on river flows and water quality required and a joint technical committee began compiling the required information. Alberta and British Columbia held a first meeting and discussed the process for negotiations. Technical information requirements were also discussed and a preliminary list of required information was prepared. Negotiations between Alberta and Saskatchewan will start after progress has been achieved with British Columbia and the Northwest Territories.
- Alberta took a strong stand on the *Species at Risk Act*, confirming the importance of protecting species at risk. The province has established comprehensive and effective legislation, policies and programs. Proposed legislation (Bill C-33) would duplicate programs and intrude on provincial jurisdiction over wildlife, land and resources rather than being complementary as the Accord requires.

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Strategy 2.2 — Maintain an up-to-date and streamlined regulatory regime.

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Strategy 2.3 — Harmonize environmental management responsibilities.

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Alberta took a strong stand on the *Species at Risk Act*, reviewing possible duplication and intrusion of the federal government's proposed Bill C-33.

- The Government of Canada has withdrawn from any further negotiations in delegating habitat provisions to the province. The current program at the Department of Fisheries and Oceans will be expanded in Alberta and across jurisdictions such as Saskatchewan, Manitoba and Ontario. Close cooperation with Alberta is expected to reduce confusion and duplication regarding fish habitat issues and responsibilities.
- The NRCB renewed its agreement with the Canadian Environmental Assessment Agency to conduct a joint review process on the Highwood Storage-Diversion Plan project and investigated opportunities for a joint review process on all other projects where there may be a federal interest.

Strategy 2.4 — Reduce impact of natural hazards (fire, drought, floods, pests and problem wildlife) on people, property and resources.

- In mid-December 1999, KPMG presented its final report for the Alberta Fire Review '98 to the Forest Protection Advisory Committee (FPAC). In order to ensure a prompt and effective response to the 56 recommendations contained in the report, the department organized implementation teams composed of regional and head office directors. In February of 2000, the department briefed FPAC and its Forest Industry Subcommittee on the progress that had been made towards addressing the recommendations. It is expected that the majority of the recommendations will be fully implemented by the end of 2000-2001.

The department chaired the provincial Flood Risk Management Committee.

- The department worked closely with all forest communities to ensure cooperation and coordination of hazard reduction and forest fuel modification. Meetings were held with municipal districts, regional fire chiefs and Indian reserves to discuss mutual aid responses to wildfires that may threaten communities. Generic fire control agreements and annual fire control plans were developed for use by municipalities.
- Municipal district committees were formed in the Parkland, Bow and Prairie regions to guide fuel management surrounding the townsites. In Nordegg, a fire plan was completed and approved through public consultation and the municipal district council. Work commenced to remove and reduce forest fuels and to implement guidelines to reduce the effect of wildfire on the community. The Wildland Urban Interface project continued between the department, municipalities, industry and the public.
- Fire centres across the province were restructured to improve efficiencies in operations and financial tracking systems. There were 1,356 forest wildfires detected during the 1999 fire season, through various mechanisms such as air patrols, air tanker groups, lookouts and public calls.
- Courses on wildland fire prevention and investigation training were offered to employees in the department and municipalities. The forest industry also demonstrated an interest in these courses.
- Several forest pest infestations were detected by the department's forest health program, including an outbreak of the black army cutworm reported in the aftermath of large-scale wildfires that occurred in the Northern East Slopes Region and active mountain pine beetle infestations in Banff and Jasper National Parks.
- The spruce budworm defoliated an estimated 191,657 hectares in northern Alberta. Aerial spraying of 82,356 hectares in 1999-2000 is expected to significantly reduce defoliation by this pest in 2000-2001.

- The department ensured public safety through immediate responses to dangerous bear incidents and other related incidents in wilderness areas administered by its jurisdiction. It also provided financial compensation for confirmed losses of crops or livestock from wildlife and wildlife related activities.
- Alberta Environment staff attended a national workshop to discuss a national flood risk mitigation strategy, however, the process ended when the senate sub-committee hearings were cancelled. In January 2000 Alberta participated at the National Roundtable on Water and made it known that flood risk management was a priority and should proceed. Alberta and British Columbia were identified to lead this initiative. Alberta contacted all provinces, territories and two federal departments to obtain agreement on the elements of a national flood risk management strategy.
- Alberta Environment chaired the provincial Flood Risk Management Committee. Infrastructure, Municipal Affairs, Agriculture Food and Rural Development, and Economic Development were represented on the committee. The first draft of the Flood Risk Management Strategy for Alberta was prepared and reviewed by the committee. Alberta uses this document for discussions nationally.
- Alberta Environment issued 24 high streamflow advisories and three flood watches. The department Web site had 5,353 visits for advisory information, 33,486 visits for weekly river reports and 4,378 visits for water supply reports.
- Alberta Environment established a new hydrometric station on South Heart River to monitor flows and provide hydrology data for flood forecasting and dam operation.
- Initial surveys and mapping of flood risk areas were carried out for the Crowsnest Pass, Town of Milk River and Writing-On-Stone Provincial Park. The flood risk area within the Village of Sangudo was formally designated and an open house was held to inform residents.

Strategy 2.5 — Manage Alberta Environment's infrastructure for long term use and benefit.

- The department is working in partnership with Alberta Infrastructure (AI) to develop an infrastructure management system (IMS) to manage all department-owned infrastructure such as dams, canals, parks and monitoring stations, etc. Headquarters, all regions and AI will have a common infrastructure management system. A demonstration prototype is in place and work continues on design and development of the final system. Phase I of the project is complete.

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- Air monitoring infrastructure continues to be managed by Alberta Environment. Staff used the mobile air monitoring laboratory to monitor air quality continuously for a broad range of pollutants and conducted mobile monitoring surveys throughout Alberta. In particular, the mobile lab completed major surveys in Grande Prairie, Medicine Hat and Lethbridge. Reports on air quality monitoring in various areas of the province are available on the Web site at: http://www.gov.ab.ca/env (Click on Air, select Air Quality Monitoring, then click on Special Air Quality Surveys).
- Information from the department's ambient air quality monitoring network continues to be collected and summarized in regular quarterly reports. Quarterly reports on air quality monitoring in various areas of the province are available on the Web site at:

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- The spruce budworm defoliated an estimated 191,657 hectares in northern Alberta. Aerial spraying of 82,356 hectares in 1999-2000 is expected to significantly reduce defoliation by this pest in 2000-2001.

- The department ensured public safety through immediate responses to dangerous bear incidents and other related incidents in wilderness areas administered by its jurisdiction. It also provided financial compensation for confirmed losses of crops or livestock from wildlife and wildlife related activities.
- Alberta Environment staff attended a national workshop to discuss a national hazard mitigation strategy, however, the process ended when the senate sub-committee hearings were cancelled. In January 2000, Alberta participated at the National Roundtable on Water and made it known that flood risk management was a priority and should proceed. Alberta and British Columbia were identified to lead this initiative. Alberta contacted all provinces, territories and two federal departments to obtain agreement on the elements of a national flood risk management strategy.
- Alberta Environment chaired the provincial Flood Risk Management Committee. Infrastructure, Municipal Affairs, Agriculture Food and Rural Development, and Economic Development were represented on the committee. The first draft of the Flood Risk Management Strategy for Alberta was prepared and reviewed by the committee. Alberta uses this document for discussions nationally.
- Alberta Environment issued 24 high streamflow advisories and three flood watches. The department Web site had 5,353 visits for advisory information, 33,486 visits for weekly river reports and 4,378 visits for water supply reports.
- Alberta Environment established a new hydrometric station on South Heart River to monitor flows and provide hydrology data for flood forecasting and dam operation.
- Initial surveys and mapping of flood risk areas were carried out for the Crowsnest Pass, Town of Milk River and Writing-On-Stone Provincial Park. The flood risk area within the Village of Sangudo was formally designated and an open house was held to inform residents.

- The department is working in partnership with Alberta Infrastructure (AI) to develop an infrastructure management system (IMS) to manage all department-owned infrastructure such as dams, canals, parks and monitoring stations; etc. Headquarters, all regions and AI will have a common infrastructure management system. A demonstration prototype is in place and work continues on design and development of the final system. Phase I of the project is complete.

Fire centres across Alberta were restructured to improve efficiencies in operations and financial tracking systems.

- Air monitoring infrastructure continues to be managed by Alberta Environment. Staff used the mobile air monitoring laboratory to monitor air quality continuously for a broad range of pollutants and conducted mobile monitoring surveys throughout Alberta. In particular, the mobile lab completed major surveys in Grande Prairie, Medicine Hat and Lethbridge. Reports on air quality monitoring in various areas of the province are available on the Web site at: http://www.gov.ab.ca/env (Click on Air, select Air Quality Monitoring, then click on Special Air Quality Surveys).
- Information from the department's ambient air quality monitoring network continues to be collected and summarized in regular quarterly reports. Quarterly reports on air quality monitoring in various areas of the province are available on the Web site at:

http://www.gov.ab.ca/env (Click on Air, select Air Quality Monitoring, then click on Quarterly Air Quality Reports). All data at the fixed stations are also available on the Clean Air Strategic Alliance Web site at: www.casadata.org. Enhancement and expansion of the Alberta Ambient Air Quality Monitoring System is required for the present system, as it does not measure the ambient air quality for rural areas or smaller centres except in two locations (Fort Saskatchewan and Beaverlodge). The system is increasingly unreliable with more maintenance required and difficulty in getting replacement parts.

- The department continues to monitor water infrastructure of rivers, lakes, dams and groundwater. Monitoring of 395 hydrometric stations was conducted through the Alberta-Canada Agreement on Hydrometric Stations. Some major projects concerning water infrastructure include the Oldman River Basin Overview, North Saskatchewan River Protozoan Survey and the Willow Creek/Pine Coulee Post-Construction. There are increasing costs associated with the upkeep and maintenance of existing and new water resources infrastructure. The department needs to renovate, maintain and upgrade the infrastructure so that there are no health and safety issue concerns for Albertans.
- Projects to maintain provincial parks and protected areas infrastructure focused on repairing, renovating, upgrading and replacing roads, bridges, campgrounds, day use areas, toilets, trails, systems such as water, garbage and other utilities to address safety and functional obsolescence concerns and to preserve life of park facilities. Problems with many park facilities include significant infrastructure deterioration.
- Alberta Environment operated a fixed detection system consisting of 120 fire lookouts.

Goal 3 Protect and manage Alberta's natural resources and ecosystems for present and future generations.

- Significant delivery of services for environmental assessment continued this year. Activity remained steady as departmental teams completed the assessment and approval processes for five large oil sand projects (Suncor Millennium, Shell Upgrader, Albian (Shell) Muskeg River Mine, Syncrude Upgrader and Imperial Oil Cold Lake Thermal Project Expansion), with PanCanadian Resources Christina Lake Thermal Project, Petro Canada MacKay River Thermal Project, EPCOR Thermal Power Project and Shell Scotford Cogeneration Project proceeding to public hearings.
- The department contributed further information to the joint federal-provincial panel on the Cheviot Project and participated in a second set of hearings.
- Significant progress was made in protecting Alberta's Special Places in 1999-2000. Some highlights include: the near completion in implementing the recommendations from the Local Coordinating Committee for the Castle Special Management Area; the Bob Creek Wildland Park and Black Creek Heritage Rangeland in the Whaleback area were announced and designated in May; the Northeast Boreal Region has 13 Special Places sites that are currently in various stages of review, managed by the regional boards of directors and administered by

Environmental Service staff. Local committees continue to examine candidate sites in the Foothills, Grassland, Parkland and Boreal Forest Natural Regions.

Significant progress was made in protecting Alberta's Special Places and candidate sites continue to be examined in several regions.

- Management plans were completed for Hilliard's Bay, Notikewin and Saskatoon Island Provincial Parks, Fort Assiniboine Sandhills Wildland Park, Holmes Crossing Sandhills and Plateau Mountain ecological reserves and Vega, Wagner and Yamnuska natural areas. Management planning exercises are underway for many other parks and protected areas including Whitehorse and Bow Valley Wildland Parks.
- A review of the 1998 draft service delivery standards in parks and protected areas for resource preservation and management, heritage appreciation, security and enforcement, operations and maintenance, and program support was conducted to identify areas that require revisions. Additional funds are required to implement these standards.
- The Strategy for the Protection of the Aquatic Environment was developed as part of the Framework for Water Management Planning. Stakeholder groups and the public reviewed the discussion draft. Their comments will be used to prepare the final strategy.
- A classification program to be used for determining instream needs across the province has been proposed to form a foundation for the Strategy for the Protection of the Aquatic Environment. New analytical software packages were developed to aid in recommending instream needs for Alberta rivers in the future. There is a risk in over-allocating water withdrawals from key Alberta rivers, streams and lakes as a result of insufficient data. This problem needs to be addressed to ensure that the aquatic environment is protected.
- The department developed instream needs recommendations for the Highwood River. A draft report was expected by August 2000 and recommendations for the Kananaskis River expected within the next fiscal year. A final report was released for the Red Deer River instream needs study and a new study on the Elbow River was initiated.

- Alberta is a signatory of the Accord for the Protection of Species at Risk in Canada and has stated a commitment to prevent species in Canada from becoming extinct as a consequence of human activity. A primary element of the framework that supports the accord is the regular evaluation (every five years) of the general status of all wild species. The Endangered Species Conservation Committee is a multi-stakeholder advisory committee that uses an internationally recognized set of guidelines to assess risk to species. Alberta Environment has moved beyond traditional status evaluations of vertebrate species (e.g. mammals, birds, fish, etc.) and applied the national procedure to assign status ranks to vascular and non-vascular plants, fungi, butterflies, dragonflies, gastropods and bivalve species. The general status assessments of all species will be summarized in a document entitled The Status of Alberta Species 2001, to be released in early 2001.
- A regional grizzly bear conservation initiative called the Grizzly Bear Conservation in the Alberta Yellowhead Ecosystem - A Strategic Framework, was completed jointly between Jasper National Park and Alberta with participation from various stakeholders. Copies can be obtained from the Information Centre.

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Goal 3

Protect and manage Alberta's natural resources and ecosystems for present and future generations.

Strategy 3.1 — Establish acceptable levels of protection for natural resources and ecosystems.

- Significant delivery of services for environmental assessment continued this year. Activity remained steady as departmental teams completed the assessment and approval processes for five large oil sand projects (Suncor Millennium, Shell Upgrader, Albian (Shell) Muskeg River Mine, Syncrude Upgrader and Imperial Oil Cold Lake Thermal Project Expansion), with PanCanadian Resources Christina Lake Thermal Project, Petro Canada MacKay River Thermal Project, EPCOR Thermal Power Project and Shell Scotford Cogeneration Project proceeding to public hearings.
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Strategy 3.2 — Monitor, assess and take action to protect natural resources and ecosystems.

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- A regional grizzly bear conservation initiative called the Grizzly Bear Conservation in the Alberta Yellowhead Ecosystem - A Strategic Framework, was completed jointly between Jasper National Park and Alberta with participation from various stakeholders. Copies can be obtained from the Information Centre.

- The department implemented changes to the pike sport fishing regulations by imposing size and catch limit regulations and initiated spring fishing closure regulations. Implementing spring closures was in response to concerns expressed by anglers and sportfishing organizations that the catching, handling and release of pre-spawn fish can cause stress and injury that may result in delays or loss of spawning or mortality of released fish.
- Of the 536 sites protected under the department's legislation, 303 parks and recreation areas are suitable for contracting of services. In the 1999 summer operating season, 85% (257) of the 303 sites were operated under agreements with contracted operators, including private sector operators, municipalities and community groups. Further options are being reviewed for the 46 contractable sites that do not have operators.
- The department implemented a marketing and promotions strategy for its parks and protected areas that included a small publicity campaign and marketing partnerships with Alberta Economic Development, Alberta Community Development, Travel Alberta and Parks Canada. The Alberta's Parks and Protected Areas travel guide and destination map was revised and a parks services and facilities database was developed for the department's Web site.

Integrating fish and wildlife officers and park rangers as conservation officers increased the flexibility to deliver natural resources protection more effectively.

- Management plans for fisheries, wildlife, parks, and water are based on current baseline inventories. These resources were monitored and assessed by staff, stakeholders and users. The Edmonton-Cold Lake Wildlife Management Plan and Whitehorse Wildland Park Management Plan were completed. The Upper Big Lake Basin Study and Wabamum Lake Watershed Management Plan are under development.
- The integration of Alberta's fish and wildlife officers and park rangers as conservation officers increased the flexibility to deliver natural resources protection more effectively.
- A government-industry task force completed work to establish policy and technical guidelines for practicing enhanced forest management to increase wood supply and quality while maintaining ecological integrity of Alberta's forests.
- A research project was initiated in cooperation with British Columbia and the U.S. Forest Service in Montana and Idaho to evaluate effects of predicted climate change to conifer tree species and implications of these on reforestation.
- Alberta Tree Improvement and Seed Centre produced its first bumper crop of genetically improved seed. A total of 250 kilograms of white spruce seed was produced which will be sufficient to produce about 50 million seedling trees for reforestation.
- The department implemented programs to protect Alberta's ecosystems from non-native, invasive weed species. A complete inventory of weeds has been conducted in the eastern slopes of the province, while inventory will continue in the Northeast and Northwest Boreal Regions. Successful weed control programs were conducted by the department on crown land in all regions except the Northwest Boreal Region, which is still in the inventory stage. Co-operative weed management with municipal districts and various industry stakeholders has been essential to the success of the program.

Goal 4

Continuous improvement of Ministry and shared government services that support the delivery of Ministry and government core businesses.

- All critical applications were tested and certified as Year 2000 compliant. All network and infrastructure components were also certified as Year 2000 compliant with trouble-free rollover on January 1, 2000.
- The external ministerial Web site was updated to provide better and more detailed information of programs associated with air quality, fish and wildlife, forests, lands, parks, water, waste, protection and enforcement, research and education.
- The development, expansion and coordination of departmental application systems continues. Some of these systems include: Environmental Management System (EMS) to manage information pertaining to the Environmental Protection and Enhancement Act; Alberta Regeneration Information System (ARIS) to monitor harvesting and reforestation of crown lands; Infrastructure Management System (IMS) - first stage - to manage department capital assets; Application-Disposition Processing and Tracking System (ADEPT) to manage crown land dispositions and Fire Information Resource Environmental System (FIRES) - enhanced to include a wildland fire prevention component.

Implementing the Resource Tracking System allowed inter-provincial tracking of air tankers used in firefighting in British Columbia and Alberta.

- The Resource Tracking System (RTS) was implemented in April 1999 and is linked to FIRES. RTS tracks various resources and also allows for inter-provincial tracking of air tankers used in fighting forest wildfire within British Columbia and Alberta.
- Developed by the Canadian Forest Service and implemented by the department in April 1999, the Spatial Fire Management System (SFMS) is a spatial Geographic Information System (GIS) decision support system used for pre-suppression preparedness planning to determine fire weather index, ignition probability and number of resources required to meet anticipated fire loads. It is also used to predict fire behaviour spatially by providing head fire intensity, rate of spread, fuel consumption and fire description.
- Developed by Alberta Agriculture, Food and Rural Development and implemented in August 1999, the Geographic Land Information Management Planning System (GLIMPS) permits the user to query land related information. Alberta Environment will work with Alberta Agriculture, Food and Rural Development to access GLIMPS and further customize it for the Green (unsettled) Area.
- The conversion of base mapping data into GIS-ready format continued with the completion of the hydrography, digital elevation and Alberta Township System data layers. The conversion of the remaining base mapping data themes are targeted for completion by April 2001.
- An analytical data quality policy to ensure lab services provided by the private sector are meeting acceptable national standards and legal requirements was developed. Stakeholders will review the policy with implementation planned for late 2000.
- The number of requests for access to records under the Freedom of Information and Protection of Privacy Act has increased steadily over recent years. There were 377 general access requests for information in the 1999-2000 fiscal year, a 107% increase over the previous fiscal year. This growth is due to an increase in requests for Environmental Service

Goal 4

Continuous improvement of Ministry and shared government services that support the delivery of Ministry and government core businesses.

Strategy 4.1 — Maintain and improve information and data systems.

- All critical applications were tested and certified as Year 2000 compliant. All network and infrastructure components were also certified as Year 2000 compliant with trouble-free rollover on January 1, 2000.
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- The number of requests for access to records under the Freedom of Information and Protection of Privacy Act has increased steadily over recent years. There were 577 general access requests for information in the 1999-2000 fiscal year, a 10% increase over the previous fiscal year. This growth is due to an increase in requests for Environmental Service

records, which accounted for 87% of all access requests processed by the department. Most commonly requested are contamination, audit and site assessment records. The remaining 13% of requests are from applicants seeking access to Natural Resources Service and Land and Forest Service records.

Strategy 4.2 — Provide effective financial systems and administrative support.

- Financial Services managed the Ministry's budgeting, forecasting and financial operations processes to support the Ministry in achieving the 1999-2000 fiscal requirements. There was improved expenditure officer accountability and responsibility through the development of a new contract manual and continuous related training.
- Administrative support staff continued to assist in the delivery of the Ministry's core businesses.

Strategy 4.3 — Review, assess and implement shared services within the Ministry and across government.

- The department is participating in the government's Shared Services Initiative. The Alberta Corporate Service Centre (ACSC) is a shared service model, with the aim of improving service delivery across government in the areas of finance, human resources, information technology and general administration. Responsibility for functions that are critical to carrying out the business plans of ministries will be retained.
- The Standing Policy Committee on Agriculture, Environment, and Rural Affairs approved the transfer of community reforestation to the Forest Resource Improvement Association effective May 2000. This will allow the department to focus on setting standards, monitoring, and enforcement, rather than direct service delivery to industry.

Worked with municipalities to maintain mutual aid for forest fighting, provide advice and technical assistance on air, water and waste management, and map flood risk areas.

- Facilities, equipment and resources continued to be shared internally to improve efficiencies and cost-sharing with other ministries on major program initiatives.
- As part of the government's Corporate Human Resource Development Strategy, Executive Committee formally endorsed a Leadership Continuity Plan in July 1999. Environmental Service was designated as the pilot service to kick off succession planning. Meetings took place with the other services to reach consensus on consistent department strategies.
- There were 196 staff members who made use of the Learning Account provided by the department.
- Employees took the opportunity to enroll in leadership development courses for executive and senior managers, middle and entry-level managers, and senior professionals and supervisors. Training opportunities were offered at the University of Alberta for managers and senior managers. Also, courses were available to staff not involved in a leadership role.
- Staff development opportunities included the experience of several managers who obtained approval to move within and outside the department. The majority of promotional opportunities included moving from bargaining unit into management classifications, secondments, and transfers.

- The department actively participated in the development of a strategy for People and Prosperity. Staff contributed to the implementation of the strategy through their work in educating youth, providing continuous learning opportunities for educators and providing training-employment opportunities for Aboriginals in the forest sector.
- Alberta Environment collaborated with municipalities on a variety of program issues. Some of these issues included working with municipalities to maintain mutual aid for forest firefighting; providing advice and technical assistance on air, water and waste management; and mapping of flood risk areas.

Climate Change Initiative

Alberta Resource Development has traditionally partnered with Alberta Environment to coordinate the government's policy and programs on climate change. Effective December 15, 1999, several staff moved from Alberta Resource Development to the Ministry of Environment to form the Bureau of Climate Change. The group supports Alberta Environment's coordination of provincial climate change activities and consolidates support for the Alberta government's participation in Climate Change Central.

As a result of the group's transfer to Alberta Environment, the Ministry is responsible for reporting on the results for the climate change strategies outlined in the restated 1999-2002 Resource Development business plan.

Goal 5

Sustain growth opportunities in the energy and mineral resource sectors through the development of responses to environmental concerns, particularly climate change.

Strategy 5.1 —

Coordinate the implementation of Alberta's Environment and Energy Advantage action plan with a focus on three aspects: facilitating business and individual government action to improve energy productivity; coordinating government action to improve energy productivity; and conducting economic analysis of greenhouse gas reduction alternatives.

- At the Climate Change Round Table discussions held in April and May 1999, immediate action to manage the risks of climate change was identified. In response to this direction from stakeholders, Climate Change Central was established in November 1999 to assist with Alberta's commitment to reducing greenhouse gas emissions and implement Alberta's Strategy for Action on Climate Change. This government-private sector partnership is developing innovative and strategic joint programs that focus on technology, education and building capacity for action among all Albertans. In March 2000, the Climate Change Central board of directors was named.
- A climate change technology strategy was developed by government and stakeholder representatives and submitted to the Climate Change Central Board for consideration. This strategy was developed in conjunction with Alberta Innovation and Science, Alberta Environment, Alberta Research Council, universities, industry and other stakeholders.

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Strategy 5.2 — Stimulate "best effort" responses to manage risks of climate change by building partnerships with industry, consumers and stakeholders.

- Globe 2000, an international conference, was held in Vancouver in March 2000 to focus on issues related to business leadership and the environment. Alberta Economic Development, in partnership with the Environmental Services Association of Alberta (ESAA), initiated the coordination of the Alberta presence at Globe 2000. Several ministries including Resource Development and Environment participated in this event. The Alberta Pavilion was designed to showcase the expertise, products and services of Alberta companies and the environmental initiatives of the Alberta government. Our Minister also hosted a reception on the first day of this event to promote Alberta opportunities related to the climate change Clean Development Mechanism. The reception was well attended and very successful.

Engaged a broad range of Alberta organizations and sectors on the environmental Voluntary Challenge and Registry (VCR Inc.)

- The department played an active role in engaging a broad range of Alberta organizations and sectors in the Voluntary Challenge and Registry (VCR Inc.). Throughout 1999-2000, the department worked with specific business associations (including forest products, road building, trucking associations and food processors) and encouraged action on climate change. The department also worked with a range of stakeholders through the Clean Air Strategic Alliance (CASA) and other mechanisms to identify and pursue climate change response actions.

Strategy 5.3 — Address and mitigate climate change and other environmental issues affecting the energy sector in a manner that is fair, equitable and reflects Alberta's needs by participating in provincial and national environmental processes.

- The Government of Alberta continues to demonstrate leadership by co-chairing the national climate change process, as it was charged to do so by First Ministers. The national process coordinates Canada's approach for responding to the risks of climate change. Alberta Environment worked with other government departments and federal, provincial and territorial colleagues to develop and submit a report to the Joint Ministers of Energy and Environment on the recommended elements of a national implementation strategy. Alberta representatives ensured that Canada's response to climate change recognized provincial challenges and opportunities. Canada's response is being coordinated through the national implementation strategy (co-chaired by Alberta).

The department assisted in briefing officials of the Canadian delegation to the 5th Conference of the Parties in Bonn

- Environment and Resource Development staff assisted in briefing the Alberta Minister of Environment and officials of the Canadian delegation to the United Nations Framework Convention on Climate Change, 5th Conference of the Parties (COP5 in Bonn, Germany). A draft proposed terms of reference was developed for a federal-provincial working group to inform them of Canadian positions for international negotiation sessions, prior to and including COP6 in The Hague, Holland. This working group has become an effective mechanism and forum for discussing Canadian strategies.

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- The Government of Alberta continues to demonstrate leadership by co-chairing the national climate change process, as it was charged to do so by First Ministers. The national process coordinates Canada's approach for responding to the risks of climate change. Alberta Environment worked with other government departments and federal, provincial and territorial colleagues to develop and submit a report to the Joint Ministers of Energy and Environment on the recommended elements of a national implementation strategy. Alberta representatives ensured that Canada's response to climate change recognized provincial challenges and opportunities. Canada's response is being coordinated through the national implementation strategy (co-chaired by Alberta).

The department assisted in briefing officials of the Canadian delegation to the 5th Conference of the Parties in Bonn.

- Environment and Resource Development staff assisted in briefing the Alberta Minister of Environment and officials of the Canadian delegation to the United Nations Framework Convention on Climate Change 5th Conference of the Parties (COP5 in Bonn, Germany). A draft proposed terms of reference was developed for a federal-provincial working group to inform them of Canadian positions for international negotiation sessions, prior to and including COP6 in The Hague, Holland. This working group has become an effective mechanism and forum for discussing Canadian strategies.

Awards

Premier's Awards of Excellence

Alberta Environment staff were recognized with one silver and five bronze Premier's Awards of Excellence:

Silver

- **The team for Recreational Licensing: An Alternative Service Delivery earned the silver award. Team members developed an innovative method for issuing hunting and fishing licences, making use of an industry consultation process and a resourceful outsourcing method. This project also won a major national award for innovation and technology.**

Bronze

- **Members of the Fish in Schools: Raise to Release (FinS) team utilized their expertise in education and fisheries management to create a new fisheries education program for Alberta schools. Students now learn about fish and their habitat in outdoor-indoor classroom settings, raising rainbow trout from** eggs.
- Team members of the Foothills Model Forest Program supported the concept of sustainable forest management by initiating part of Canada's model forest network. A "giant hands-on laboratory," the Foothills Model Forest was one of the original 10 national model forest sites.
- The goal of the Regional Sustainable Development Strategy for the Athabasca Oil Sands Area was managing the environment to ensure sustainable development of the region. Team members and partners built a dynamic partnership model, designing a sound strategy to deal with the region's exceptional pace of development.
- In partnership with the Clean Air Strategy Alliance, the Target Loading Subgroup created a management framework for preventing harmful effects of acid disposition in the province. Team members represented many different companies and groups as well as the provincial and federal governments.
- The focus of the West Yellowhead Corridor Commercial Tourism and Recreation Development Project was to develop ways to reduce local land use pressures within the corridor. Team members created a memorandum of understanding on how future tourism and recreational developments on these lands will be managed.

Conclusion

Our fiscal plan allowed us to concentrate on our core businesses and to conduct our business efficiently and cost-effectively.

We will continue to support the government's core business goals of People, Prosperity and Preservation. Our achievements demonstrate what we have contributed to our core businesses. Many of our successes were accomplished in partnership with other government departments, other levels of government and external organizations.

In conducting our business efficiently and cost-effectively, we continued to evaluate alternative service delivery methods that included partnering and cost-sharing of services with other ministries. Evaluating alternative approaches allowed our Ministry to manage our business in a fiscally responsible manner.

We are proud of Alberta Environment's achievements and awards in 1999-2000, but remain committed to improving our performance. We will continue to remain accountable to the people of Alberta while focussing more intensely on our core businesses of managing our renewable natural resources and environmental hazards. Our tradition of sustainable resource management and responsible environmental protection will help ensure that all Albertans continue to enjoy the benefits of a safe and healthy environment.

Ministry Performance Measures

I have performed the following procedures in connection with the Ministry of Environment's performance measures included in the *1999-2000 Annual Report of the Ministry of Environment* as presented on pages 35 to 48.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations that converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the set of performance measures and therefore I express no opinion on the set of performance measures included in the *1999-2000 Annual Report of the Ministry of Environment*.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
September 5, 2000

Performance measurement is an important part of the Ministry's business planning. It helps track progress towards business plan goals. Following these performance measures is an explanation of data sources and methodology.

In the 1999-2000 business plan, eight performance measures were identified.

- Air quality index
- Surface water quality index
- Reduction of municipal solid waste to landfills
- Timber sustainability
- Species at risk
- Area of parks and natural reserves in Alberta
- Pulp production versus amount of substance discharged
- Parks visitation

The eight performance measures reflect the Ministry's mandate and several are included as Government of Alberta performance measures in the report *Measuring Up*.

The Ministry continues to develop and improve its performance measures to accurately reflect environmental protection and sustainable use of natural resources in Alberta.

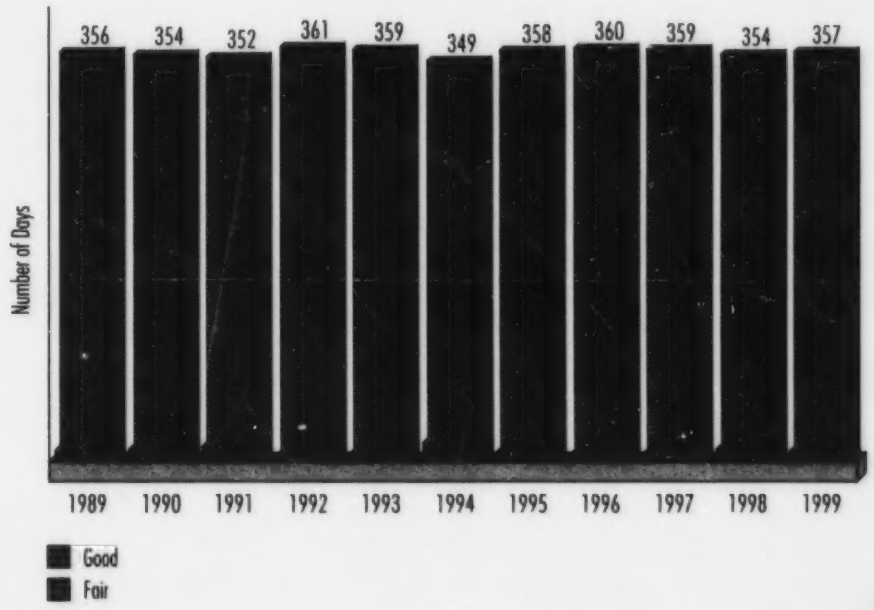
Air Quality Index

Ensuring the protection of Alberta's clean air is a key factor in maintaining Albertans' health and quality of life. This measure indicates the quality of air in Alberta throughout the year, based on continuous monitoring at a total of eight locations in Edmonton, Calgary, Fort Saskatchewan and Fort McMurray. The target is to maintain air quality at "good" or "fair" levels at all times.

The figure shows that days were rated "good" for air quality throughout almost the whole of 1999. While there were no days rated "poor" or "very poor" last year, there were a number of hours rated "poor" or "very poor." According to the definition used in calculating the index of quality of air, there is acceptable protection against harmful effects to human health, animals and vegetation at the "fair" level.

Figure 1

Air quality index — Good and Fair



Surface Water Quality Index

The quality of surface water (rivers and lakes) is determined by a combination of physical, chemical and biological factors. This measure shows water quality at two locations in each of the province's six major river systems. In most cases, the two sites represent conditions upstream and downstream from areas of significant human activity. The Ministry's goal is to bring river water quality downstream of developed areas in line with upstream conditions.

This new measure is based on the average of index values calculated for four groups of water quality variables: metals, nutrients, bacteria and pesticides, which are collected over the course of a fiscal year (April - March). Variables in the first three groups are compared to guidelines listed in Surface Water Quality Guidelines for Use in Alberta (Alberta Environment 1999). Variables in the fourth group (pesticides) are evaluated based on whether they can be detected in a water sample.

The table shows that the quality of river water at the 12 sites ranges from excellent to fair. Water quality tends to be poorer downstream of areas of urban, industrial or agricultural development. The index values vary naturally from site to site and from year to year, often related to changes in flow volume. However, improvements in conditions downstream from both Edmonton and Calgary can be linked to upgraded wastewater treatment in these two cities. Any activity that significantly changes water quantity or affects inputs from either point (discrete) or non-point (diffuse) sources should be reflected by the index.

Figure 2

Surface Quality Index

Categories for Index:

95-100	Guidelines almost always met (Excellent)
80-94	Guidelines occasionally not met, but usually by small amounts (Good)
65-79	Guidelines sometimes not met by moderate amounts (Fair)
45-64	Guidelines often not met, sometimes by large amounts (Marginal)
0-44	Guidelines almost always not met by large amounts (Poor)
n/a	Overall score not provided because no pesticide data were available

	1995-96	1996-97	1997-98	1998-99	Comments
Smoky/Peace River					
at Watino	85	79	76	88	High concentrations of metals and nutrients are sometimes measured at both sites, particularly under high low conditions.
at Ft. Vermilion	n/a	83	82	87	
Athabasca River					
at Athabasca	94	88	83	84	Metal concentrations occasionally do not meet guidelines under high flow conditions. This is a natural occurrence.
at Old Fort	n/a	86	87	94	
North Saskatchewan River					
at Devon	91	90	96	87	Water quality is better upstream of Edmonton than downstream; however, upgraded municipal wastewater treatment (1998) has reduced the number of bacteria downstream from Edmonton.
at Pakan	66	64	70	77	
Red Deer River					
at Hwy 2	93	75	n/a	82	Nutrient levels are occasionally high both upstream and downstream from Red Deer.
at Morrin Bridge	87	83	n/a	80	
Bow River					
at Cochrane	100	96	99	96	Water quality is better upstream of Calgary than downstream; however, improvements in municipal wastewater treatment over the last decade have greatly improved conditions downstream.
below Carseland	71	75	86	82	
Oldman River					
at Hwy 3	60	75	82	85	Bacteria and nutrient guidelines are occasionally exceeded at both sites. Pesticides are detected more frequently at the downstream site.
at Hwy 36	66	79	83	78	

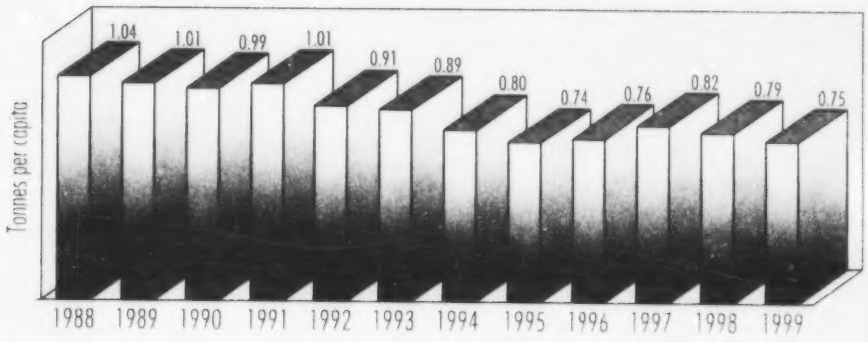
Reduction of Municipal Solid Waste to Landfills

This measure indicates Alberta's progress towards meeting a continuous reduction in municipal solid waste disposed in landfills on a per capita basis. It charts the Ministry's efforts to work with Albertans to encourage less waste. Over the years, this strategy has contributed to a significant decline in waste in the province. The Ministry's role has been to provide technical and financial assistance to municipalities for waste management and recycling infrastructure, as well as training, education and general awareness about waste management options and opportunities.

Figure 3 shows a steady reduction in waste to landfills until 1995. In 1996, increasing economic activity, construction and demolition projects resulted in increased amounts of materials being sent to landfills. A downward trend in the amount of municipal solid waste to landfills resumed in 1998 and 1999.

Figure 3

Reduction of Municipal Solid Waste to Landfills



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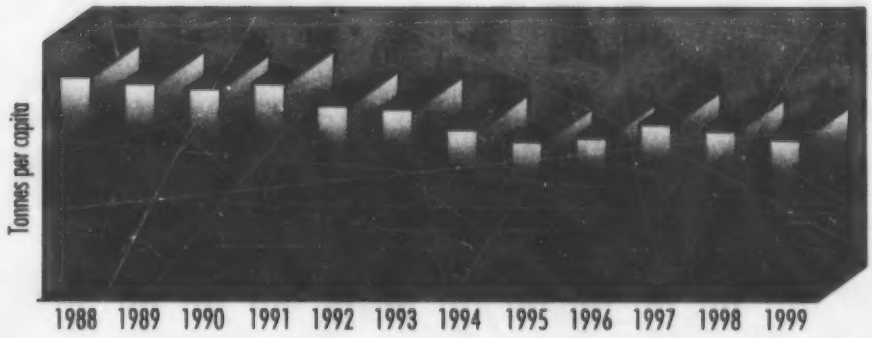


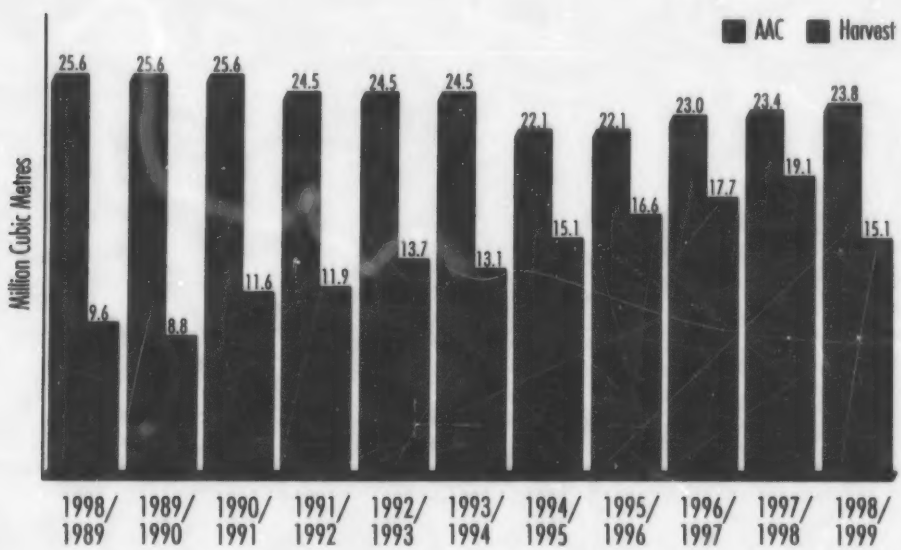
Timber Sustainability

This measure reflects the Ministry's ability to manage Alberta's timber resource in a sustainable manner. The figure gives the status of timber stocks by comparing the amount of timber harvested on an annual basis with the annual allowable cut (AAC) of timber set by the province. The AAC is based on the growth rate of the forest trees, producing new fibre that can be harvested on a sustainable basis. The target is for Alberta's annual timber harvest to be no greater than the AAC, ensuring a sustainable timber supply. Yearly harvest levels may be greater than the AAC, but harvest levels should not exceed the AAC over each five-year harvest plan.

Figure 4 shows that the timber harvest in Alberta is increasing, but is still well below the AAC.

Figure 4

Timber Sustainability



Species at Risk

Fish and wildlife are highly valued by Albertans. Activities such as hunting, fishing and wildlife viewing contribute significantly to the provincial economy.

This measure shows the health of Alberta's fish and wildlife populations, based on data in the Ministry's Status of Alberta Wildlife report (December 1996). The target is to keep the percentage of species at serious risk below five percent. Every five years, a survey of the population status of fish and wildlife species is conducted. The general status assessments of all species will be conducted and summarized in a report entitled *The Status of Alberta Species 2001*, for release in early 2001. In 1995, there were approximately 538 species of fish and wildlife found in Alberta.

The number consists of the following:

Amphibians - 10 Mammals - 90 Birds - 370 Reptiles - 8 Fish - 60 **Total 538**

Alberta Environment tracks the health of fish and wildlife populations by categorizing species and wildlife in Alberta as follows:

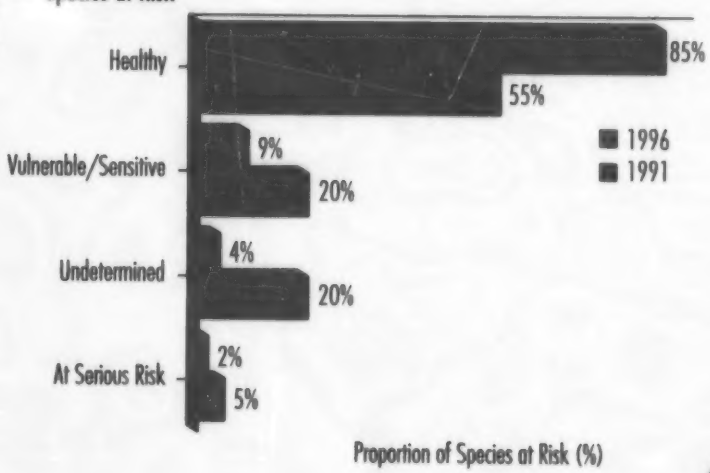
- healthy - not considered at risk
- vulnerable/sensitive - at some risk or require special management
- undetermined - existing scientific data insufficient to determine status
- at serious risk - some species may be considered endangered

Of the 538 species of fish and wildlife in Alberta, only two percent are considered at serious risk.

Note: In some cases, the differences in data between 1991 and 1996 reflect improvements both in knowledge about wildlife populations and in the methodology for collecting and evaluating species information. For example, the 1996 survey used a more refined species ranking system than was used in 1991, as well as stricter rules to rank and list species that are migrant or peripheral in Alberta.

Figure 5

Species at Risk



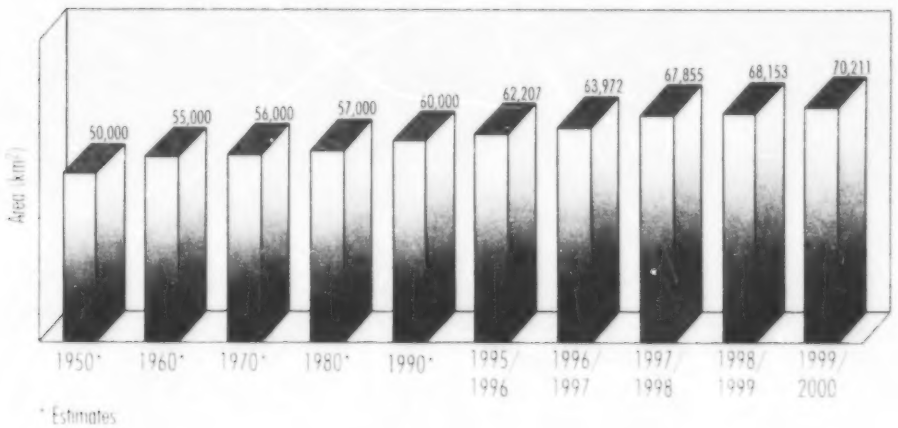
Area of Parks and Natural Reserves in Alberta

The designation of parks, natural reserves and related sites contributes to Alberta's protection, heritage appreciation, outdoor recreation and tourism/economic development goals. This measure includes the total area of parks, natural reserves and related sites - including 54,000 km^2 of national parks - in Alberta. After 1995, the area of recreation areas is also included. The Castle Special Management Forest Land Use Zone (1,041 km^2) was designated through Special Places, and is included in this measure. The goal is to have 81,000 km^2 of Alberta designated by the year 2000. This would meet the four goals identified for the Special Places initiative: preservation, outdoor recreation, heritage appreciation and tourism-economic development.

Figure 6 shows that the area of land designated as parks and natural reserves has increased steadily since 1950.

Figure 6

Area of Parks and Natural Reserves in Alberta



* Estimates

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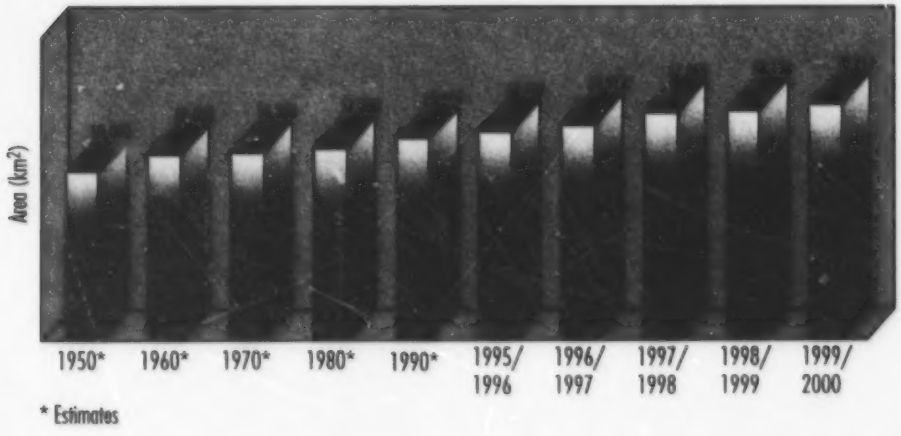


Pulp Production versus Amount of Substance Discharged

Good water quality is essential for a sustainable and prosperous Alberta. One common measure used to gauge the effect on river water of treated pulp mill wastewater releases is biochemical oxygen demand (BOD).

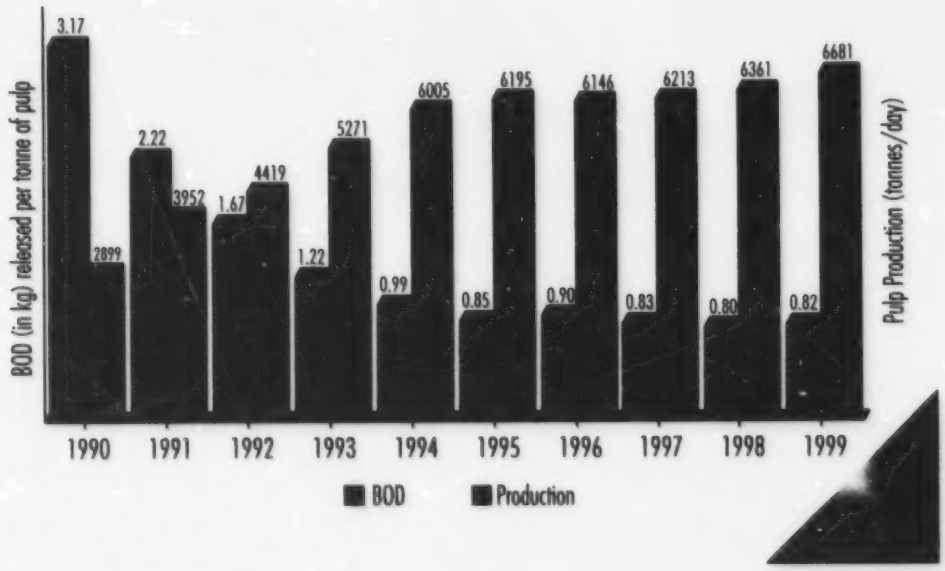
Certain substances in pulp mill wastewater require oxygen in their breakdown. This breakdown may decrease the amount of oxygen available to aquatic organisms. An excessive amount of these substances could cause a shortage in the oxygen necessary to keep an aquatic ecosystem healthy.

To help control the amount of these substances released to aquatic ecosystems, each of Alberta's seven pulp mills is issued an approval, which restricts the amount of BOD that can accompany the release of substances into river water. Alberta's average maximum allowable BOD (3 kg/tonne of pulp) is based on criteria for both water quality and best available demonstrated technology. Reducing BOD discharges to the lowest practical limit protects aquatic ecosystems from oxygen depletion and contributes to pollution prevention.

Figure 7 shows the average BOD released per tonne of pulp produced in 1999 was 0.82 kg, slightly higher than the lowest level recorded last year. Pulp production reached the highest rate at an average of 6,681 tonnes of pulp per day.

Figure 7

Pulp Production versus Amount of Substance Discharged



Parks Visitation

The Ministry uses the number of visits to Alberta's parks and recreation areas as a proxy measure of how well the department is managing the province's natural heritage for present and future generations. The Ministry is pursuing the development of other measures that will report more directly on client satisfaction with the department's efforts.

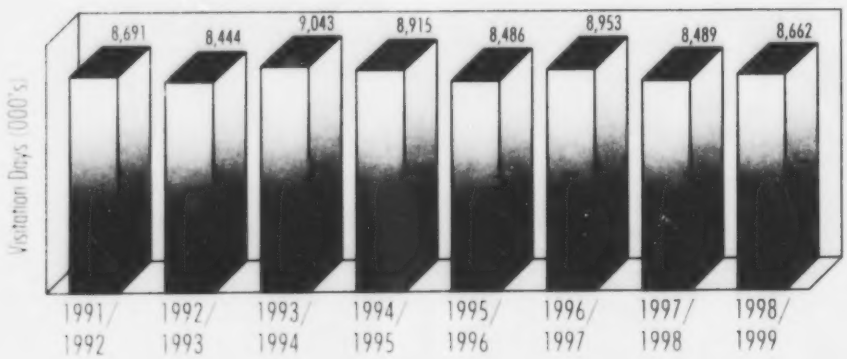
The measure includes data on provincial parks and recreation areas. The Ministry collects the data through camping permit sales and automatic traffic counter readings. Adjustments to these reading are based on periodic surveys of visitors. Not included are sites such as forest recreation areas, ecological reserves, natural areas, wilderness areas and wildlife provincial parks.

As the measure demonstrates, visitation has varied slightly over the years, but has remained above eight million visits. The target is to maintain visitation at or above this level.

Park visitation rates can be affected by factors such as weather, fire risk and road construction.

Figure 8

Parks Visitaion



Climate Change Initiative

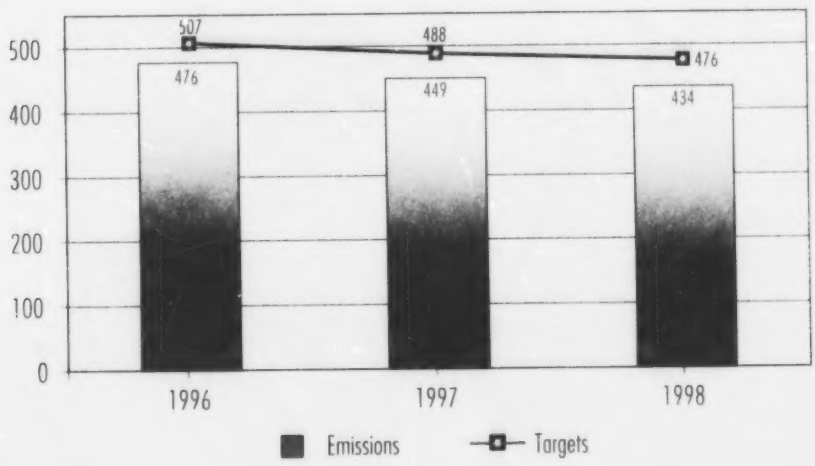
As a result of transferring the Government of Alberta's lead role on climate change from Alberta Resource Development, Alberta Environment is reporting on the following two **new** performance measures.

Government Action to Improve Government Energy Productivity

The Government of Alberta has demonstrated leadership in improving energy productivity through its actions to reduce emissions from government operations. By the end of 1998, actions taken to reduce greenhouse gas emissions associated with Alberta government operations had resulted in a 17.3% reduction in emissions (below 1990 levels at 526 kilotonnes of CO_2). Since 1997, the Alberta government is ahead of schedule for achieving its own target of reducing emissions by 14% (below 1990 levels) by the year 2000.

Figure 9

Government of Alberta - Greenhouse Gas Emissions Profile*



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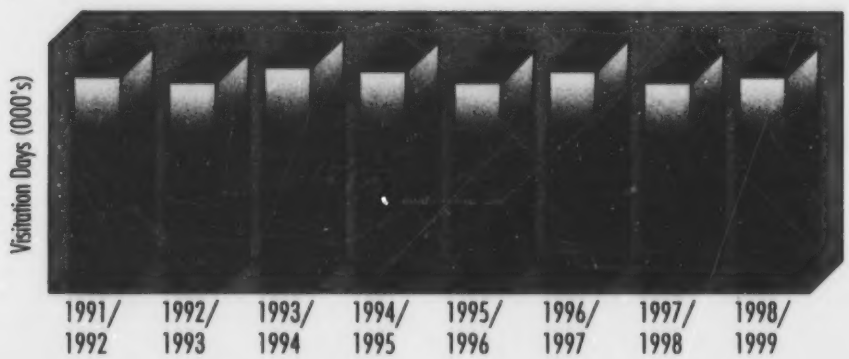

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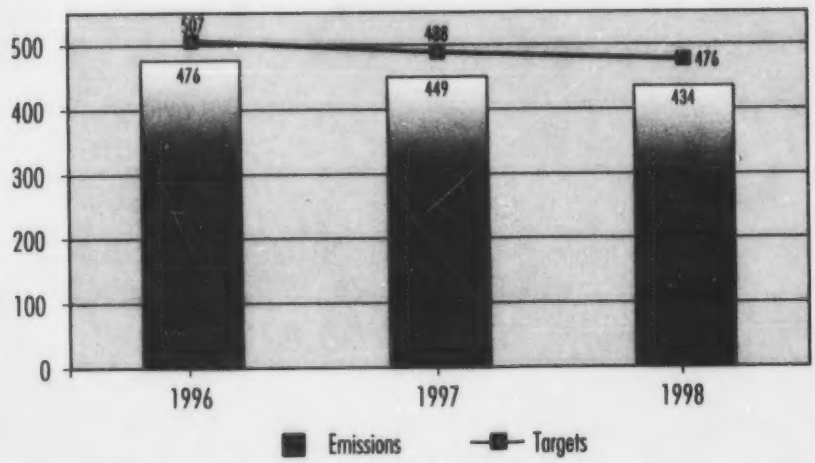

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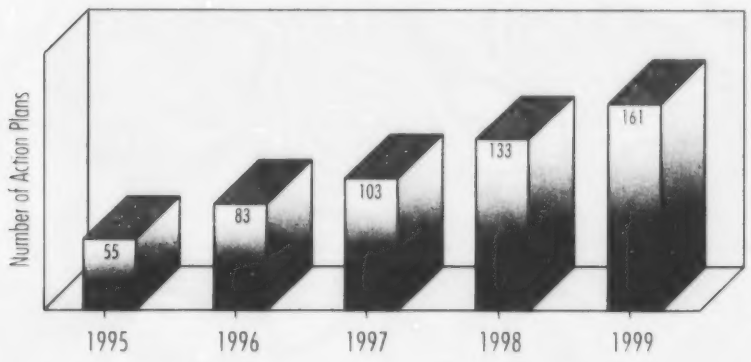
Action by Alberta Organizations to Improve Energy Productivity

The number of action plans registered with the National Voluntary Challenge and Registry Program (VCR Inc.) indicates success in obtaining voluntary action by Alberta organizations to reduce greenhouse gas emissions. In the past, the percentage of emissions covered by action plans were measured, but the actual number of plans appear to be a better indicator of the increasing scope of the VCR Inc. initiative. The number of registered action plans increased from 55 in 1995 to 161 in 1999. The target is to see a continued increase in the number of registered plans.

VCR Inc. has updated its reporting guidelines and consequently, some of the action plans submitted to VCR Inc over the past several years have been removed from the Registry since they were not meeting the minimum level of reporting.

Figure 10

National Voluntary Challenge and Registry Inc. Action Plans*



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Data Sources and Methodology

Air Quality Index

The measure is based on data collected from eight continuous monitoring stations - three stations in Edmonton, three in Calgary, and one in each of Fort Saskatchewan and Fort McMurray. The data from these stations are used to calculate the index of quality of air (IQUA) every hour.

The IQUA is calculated based on air quality data contained in the Alberta Ambient Air Data Management System, more commonly known as the CASA (Clean Air Strategic Alliance) data warehouse. This system can be accessed by the general public at **http://www.casadata.org**.

The IQUA is based on outdoor concentrations of five major air pollutants (carbon monoxide, dust and smoke, nitrogen dioxide, ozone and sulphur dioxide). The concentration of each pollutant is converted to an IQUA number, and the highest number is the IQUA for that station. IQUA ratings are divided into good, fair, poor and very poor categories. These categories are derived using formulas based on air quality guidelines of the *Alberta Environmental Protection and Enhancement Act* and the *National Air Quality Objectives*.

Surface Water Quality Index

Data for this measure is stored electronically in the Water Data System (WDS) which is part of Alberta Environment's Environmental Management System (EMS).

Monthly water quality samples are collected at two locations for each of the province's six major river systems. An index value is calculated for each of four variable groups for data collected between April and March, representing both a fiscal and a "water" year:

- Metals (up to 22 variables measured quarterly);
- Nutrients (six variables measured monthly, includes oxygen and pH);
- Bacteria (two variables measured monthly); and
- Pesticides (up to 17 variables measured four times per year).

Variables in the first three groups are compared to guidelines listed in *Surface Water Quality Guidelines for Use in Alberta* (Alberta Environment 1999). Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture, or the protection of aquatic life) is chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated.

Variables in the fourth group (pesticides) are evaluated based on whether or not they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines and, unlike metals, nutrients and bacteria, do not occur naturally in the environment.

The formula used to calculate index values for each group is based on three statistical attributes of water quality with respect to desirable levels (guidelines or detection limits, as indicated above):

- Scope - the total number water quality variables that do not meet guidelines
- Frequency - the number individual measurements that do not meet guidelines
- Amplitude - the amount by which measurements do not meet guidelines

The final equation takes the form:

$$WQI = 100 - \left(\frac{\sqrt{F_1^2 + F_2^2 + F_3^2}}{1.732} \right)$$

where F_1, F_2, and F_3 are measures of scope, frequency, and amplitude, respectively. The three measures, each of which range between 0 and 100, are summed as if they were vectors in a three dimensional space. The denominator of 1.732 scales the resultant vector to between 0 and 100; subtracting this number from 100 produces an index value for which 0 represents the worst possible water quality and 100 represents the best.

Index values for the four variable groups are then averaged to produce an overall index of surface water quality at each site that can be tracked over time.

Reduction of Municipal Solid Waste to Landfills

The method used to calculate the annual waste reduction statistic was developed by the Canadian Council of Ministers of the Environment (CCME). The method is based on the use of measured amounts of material sent for disposal at landfills with weigh scales. Waste statistics are calculated for both urban and rural areas and a composite statistic for the province is calculated using population estimates provided by the Alberta Municipal Affairs.

Timber Sustainability

Annual allowable cuts (AACs) are one component of the forest management plans prepared by the forest management agreement (FMA) holders. The AACs developed by the FMA holders are reviewed and approved by Land and Forest Service. In non-FMA areas Land and Forest Service develops the AACs. The approved AACs are stored in an Excel spreadsheet that is updated on an annual basis to reflect new AACs that have been approved either through management plan revisions or re-calculation to account for catastrophic losses resulting from forest fires. Summing the approved AACs within each planning area (either individual forest management units or forest management agreement areas) within the Excel spreadsheet derives the provincial annual allowable cut for conifer and deciduous volume.

Information on volume harvested is reported through the Timber Production and Revenue System (TPRS), which tracks the various timber dispositions that have been issued to the forest companies (forest management agreement, quota, license, and permit) and the volume produced and sold.

Annual allowable cut is established taking into consideration factors such as forest inventory, growth rates, changes to reserved areas, regeneration success, natural mortality, and the impact of fire and insects/disease.

The chargeable harvest level (included in AAC) is what is reported in the timber sustainability performance measure. Fire salvage is not reported as chargeable production as it does not contribute to AAC.

Yearly harvest levels may be greater than the annual allowable cut, but harvest levels cumulated over the five-year quadrant (sum of harvest over a 5-year period) should not exceed the annual allowable cut within each planning area (expressed as five times the planning area AAC).

Comparative data may change between reporting years primarily as a result of production audits that are carried out at the conclusion of each five-year planning period.

Factors that can affect the annual allowable cut and the volume harvested include variations in timber prices, changes to reserved areas, forest regeneration success, forest fires, and insects and disease.

Species at Risk

Every five years a survey of the population status of fish and wildlife is conducted. The last survey was conducted in 1995. The data was reported in the 1996 Ministry's report *Status of Alberta Wildlife*. The next report scheduled for release in early 2001 will also include plants and invertebrates.

Area of Parks and Natural Reserves in Alberta

The area (square kilometres) of designated parks and natural reserves is calculated for national parks, provincial parks, wilderness areas, ecological reserves, natural areas, and national wildlife areas. The area of sites is automatically calculated by computer mapping software using the provincial digital base map series. The number of hectares stated in the order-in-council document is subsequently entered into the Alberta Natural Heritage Information Centre system's protected areas files. The total area is shown in the performance measure.

The data reflect the Castle Special Management Area Forest Land Use (FLU) zone which was approved through the Special Places process; FLU zones not approved through the Special Places process, but which occupy over 4,600 square kilometres, are not included. FLU zones are areas of land which can be used to protect areas containing sensitive resources such as wildlife, vegetation and soils.

Pulp Production versus Amount of Substance Discharged

Data is derived from the discharge monitoring component of the department's Environmental Management System (EMS). The seven pulp mills submit monthly monitoring data that is entered into our EMS system.

The biochemical oxygen demand (BOD) and pulp production data for the seven pulp mills is extracted from EMS. The average pulp production per day and average kg BOD released per day is calculated for each pulp mill for a given year. The average for all seven mills is added to provide the total average pulp produced per day for all mills (A). The total average kg BOD released per day

for all mills is also added together (B). This number (B) is then divided by the total average pulp produced per day (A) to arrive at the average kg BOD released per tonne of pulp produced.

Parks Visitation

Park visitation is defined as the estimated total number of daily entries of persons onto department-managed provincial parks and provincial recreation areas for recreational purposes (i.e., camping, group camping, day use, and fixed roof accommodation).

The department collects this data through camping permit sales, fixed roof accommodation receipts and automatic traffic counter readings. Adjustments to these readings, for use in calculating day use estimates, are based on periodic surveys of visitors.

A PC based SAS software system referred to as the Park User Statistics (PUS) system tracks the park visitation. The department is aware of some problems with its current data collection methodologies, particularly day use statistics and has identified the need to assess revisions to these data collection and reporting systems to address these problems.

Government Action to Improve Energy Productivity

Actions to reduce greenhouse gas emissions stem from three core focus areas for the Alberta government. These areas include government owned buildings (natural gas and electricity usage), waste by Government of Alberta employees and vehicles (government owned vehicles and emissions from non-government vehicles used for government business). Reductions in energy usage correlate directly to reductions in greenhouse gas emissions.

Greenhouse gas emissions are calculated by multiplying annual energy usage (e.g. cubic metres of natural gas, litres of gasoline, etc. that is tracked by Alberta Infrastructure) by an emissions factor. With the exception of electricity and waste, emissions factors are based on Environment Canada data published through the National Voluntary Challenge and Registry Program. Electricity and waste emissions factors are based on Government of Alberta calculations to more accurately reflect provincial circumstances (electricity) or because no emissions factors are available (waste).

All greenhouse gas emissions reported for this measure are estimates based on the best available data at the time.

Action by Alberta Organizations to Improve Energy Productivity

Data is obtained from Voluntary Challenge and Registry (VCR) Inc. As reporting is done annually, the VCR Inc. database is used to determine how many action plans have been filed for a given year.

Financial Information

Analysis of Financial Results

March 31, 2000

The Ministry consolidated revenues in 1999-2000 were $212.4 million, which is an increase of $56.8 million from 1998-99 actuals. The Ministry consolidated expenses were $447.5 million, down $42.2 million from 1998-99 actuals. The total Ministry operations resulted in a net operating loss of $235.2 million, which is a decrease of $98.9 million from 1998-99 actuals.

Timber royalties and fees, providing $101.2 million was the largest source of revenue for the Ministry. Land and grazing and other fees provided $38.8 million. The federal government contributed $30.1 million through transfer payments. Another $34.9 million was provided through the Lottery Fund. Various other sources of revenue earned $5.8 million and investment income provided $1.6 million in revenue.

Revenue was $56.5 million higher than budgeted as a result of the following:

- Transfer payments from the Government of Canada were up $24.3 million primarily due to additional revenue from the Softwood Lumber Agreement. Lumber markets in the U.S. have been high for 1999-2000.
- Investment income was $1.4 million higher than budgeted due to an increase of fund equity.
- The contribution from timber royalties and fees was up $27.9 million due to significant increases in timber dues rates and payments for new deciduous timber allocations.
- Land and grazing fees were up $3.8 million as a result of greater demand for surface materials, such as sand and gravel, and continued growth in the oil and gas sector.
- Revenue from other fees, permits and licenses decreased $1.0 million.
- Other revenue was $0.1 million higher than budgeted.

Revenue increased $56.8 million from the previous year as outlined below:

- Increase of $34.9 million due to the contribution from the Lottery Fund.
- Transfer payments from the Government of Canada were up $16.0 million primarily due to increased revenues for the Softwood Lumber Agreement. Lumber markets in the U.S. have been high for 1999-2000.
- Investment income was down $2.2 million due to decreased fund balances on hand.
- The contribution from Timber Royalties and Fees was $15.3 million higher due to increased timber dues rates and payments for new deciduous timber allocations.

- Land and grazing revenue decreased $1.0 million due to less demand for surface materials and continued growth in the oil and gas sector.
- Revenue from other fees, permits and licenses decreased $0.9 million.
- Other revenue declined $5.3 million resulting from decreased refunds of expenditure due to fewer billings for cost recovery for manmade fire starts.

Ministry Expenses

The total Ministry expense of $447.5 million is represented by voted expenses of $306.5 million, statutory expenses of $142.6 million and other expenses of ($1.6) million.

Ministry Expenses - Voted

Ministry Support Services spent $10.5 million. This amount includes spending in the Minister's Office, the Deputy Minister's Office, Financial Services, Communications, Human Resources and Achievement Awards.

Environmental Service spent $52.3 million on various programs. These include environmental assessment and strategy, enforcement and monitoring, compliance, environmental sciences, environmental operations and freedom of information and protection of privacy.

In Natural Resources Service, $115.7 million was spent on various programs across the province. Client and licensing services, enforcement field services, water management, fisheries and wildlife management and recreation and protected areas are included in this service.

In Land and Forest Service, $127.3 million was spent on a variety of programs, such as, fire suppression, forest management, forest protection, land administration and resource data.

The Environmental Appeal Board spent $0.7 million on its programs.

Voted Expenses - Comparison of 1999-2000 Actuals to 1999-2000 Budget

Expenses were $38.8 million less than budgeted. There was a $44.7 million surplus in Natural Resources Service and Land and Forest Service primarily due to nominal sum disposals. $2.8 million in savings were also realized in Land and Forest Service mainly due to a decrease in contract costs for the reforestation dedicated revenue initiative. Ministry support services incurred an increase in expenditures by $1.2 million and an increase of $7.3 million came from Environmental Service primarily as a result of the supplementary estimate for Climate Change Central and Special Waste Management Program. The Environmental Appeal Board had an increase in operating expenditures of $0.2 million.

Expenses were up $41.9 million from the previous year primarily due to the following:

- Grants totalling $32.4 million were provided for fire reclamation, Climate Change Central, Forest Resource Advancement Program, Alberta Water Management and Erosion Control and Western Irrigation District's headworks.
- Dedicated revenue initiatives increased $1.3 million for Spatial Data Warehouse, park operations, water management infrastructure and the Western Economic Partnership Agreement.
- Land and Forest Service strategic alliance initiatives of $3.4 million raised costs through the year. Other increases of $4.8 million include amortization, manpower settlements, salary increases, information technology upgrades and general operating requirements.

The Environmental Protection and Enhancement Fund spent $139.0 million on forest fires, land reclamation, emergency spills and cleanup, forest health, intercept feeding and fencing, drought/flood emergencies, fish and wildlife, the Forest Resource Advancement Program, the Forest Development Research Program and the Special Waste Management Program. Debt servicing costs amounted to $2.9 million due to additional funding required for fire costs.

The Natural Resources Conservation Board spent $0.7 million on its programs.

Environmental Protection and Enhancement Fund expenses were $125.8 million over budget. Fighting forest fires cost $120.1 million more than budgeted, which resulted in additional funding of $2.9 million in debt servicing costs. An increase of $2.8 million for the Forest Health Program was to control the outbreak of spruce budworms and the mountain pine beetle survey.

Natural Resources Conservation Board expenses were $0.6 million less than budget due to decreased applications activity and staff vacancies.

Environmental Protection and Enhancement Fund expenses were $75.8 million lower than the previous year. In 1998-99, there were extremely high firefighting costs which resulted from unseasonably dry and hot weather conditions.

Alberta Special Waste Management Corporation operations were discontinued in November 1998.

Gains were $36.4 million less than budgeted. The budget included gains on nominal sum disposals which did not take place mainly due to the decrease in fair market value of various parks as a result of caveats placed on park titles.

Alberta Environment continually looks for ways to improve its service to Albertans. The department's resources and staff are dedicated to the efficient, effective and responsible delivery of the Ministry core business - the wise management of our province's renewable natural resources and the management of environmental hazards that could pose risks to people, property and resources.

In support of the above statement, the Ministry achieved the following:

- The Ministry of Environment spent $173.3 million for forest firefighting in the province (includes pre-suppression and suppression costs). Also included in this amount is $4.8 million for the upgrade of the Loon River and the High Level airports to meet Transport Canada's safety standards and to accommodate the new generation of air tanker/bird-dog aircraft.
- $17.0 million, provided by the Lottery Fund, was allocated for reforestation reclamation on areas destroyed by fire in the spring of 1998.
- The Ministry spent $3.2 million on the aerial spraying of spruce budworm outbreaks and the surveying of mountain pine beetle infestations.
- New dedicated revenue initiatives were introduced in 1999-2000 to support park operations, the Spatial Data Warehouse, the Western Economic Partnership Agreement and water management infrastructure.
- In 1999-2000, a $6 million grant was issued for the establishment of Climate Change Central, a unique partnership that brings together industry, other stakeholder organizations and government to take effective action on climate change.
- The Ministry spent $5.4 million on the Water Management and Erosion Control program to assist many local authorities with various water management projects for flood and erosion control, flow regulation, water based recreation, water supply and water conservation.
- The Ministry spent $7.8 million on small water infrastructure projects. The expenditures were incurred to provide communities with safe and reliable water resource and to alleviate risks of flood, detrimental erosion and infrastructure failure.
- The Ministry's assessment and approval process examined more than 35 major projects w[redacted] a total value of over $23 billion dollars.

Ministry of Environment

I have audited the consolidated statement of financial position of the Ministry of Environment as at March 31, 2000 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Generally Accepted Auditing Standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following policies are exceptions from generally accepted accounting principles:

Site Restoration Costs

A provision for the future costs of site restoration has been recorded for the Swan Hills waste treatment plant as described in Note 10 to these financial statements. However, numerous other sites exist where the Ministry is responsible for site restoration. Management has identified sites that are owned by the government and for which the Ministry is responsible for site restoration. The cost to restore these sites is estimated to be $14.7 million. For these identified sites, no liability has been recorded. As a result, liabilities are understated and net assets are overstated by $14.7 million. There are also a number of other sites not owned by the government, for which the Ministry may be responsible for site restoration. These financial statements do not disclose the Ministry's liability for the restoration of the sites not owned by the government.

Capitalization of assets

Capital asset purchases under $15,000 in the Ministry have been expensed in the year acquired and have not been recognized as an asset in the accompanying consolidated statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the consolidated statement of operations. In addition, while the Department of Environment calculates its capital asset purchases under $15,000, the Environmental Protection and Enhancement Fund does not separately identify such capital purchases. In my view, an amount estimated to be at least $20 million, representing the net book value of solely the departmental assets as at March 31, 2000, should be recognized in

these financial statements. The amount of adjustment related to the fund cannot reasonably be determined. Also, the effect of these understatements of assets on expenses cannot reasonably be determined.

Excluded direct costs

Accommodation and certain other administrative costs incurred in the operation of the Ministry have not been included in expenses. These costs, estimated at $17.6 million for accommodation only, are recorded by the ministries that paid the expenses on behalf of the Ministry of Environment.

Consumable Inventory

Consumable inventory has been expensed when purchased and has not been recognized as an asset in the accompanying consolidated statement of financial position. The value of consumable inventory not recorded at March 31, 2000 is estimated to be between $3 and $4 million. As a result, net assets are understated by the same amount.

In my opinion, except for the effects of the matters discussed in the preceding sections, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 19, 2000

Consolidated Statement of Financial Position
As at March 31, 2000

in thousands

	[illegible]	1999
ASSETS		
Cash (Note 4)	$ [illegible]	$ 28,815
Accounts Receivable (Note 5)	[illegible]	34,430
Inventories (Note 6)	[illegible]	4,722
Advances	[illegible]	138
Capital Assets (Note 7)	[illegible]	1,055,151
	$ [illegible]	$ 1,123,256
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ [illegible]	$ 49,396
Loan Payable (Note 8)		40,000
Unearned Revenue	[illegible]	32,298
Provision for Cell Monitoring and Remediation (Note 9)	[illegible]	1,050
Provision for Future Removal and Site Restoration (Note 10)	[illegible]	10,409
	[illegible]	133,153
NET ASSETS		
Net Assets at Beginning of Year	[illegible]	1,238,477
Net Operating Results	[illegible]	(334,093)
Net Transfer from General Revenues	[illegible]	85,719
	[illegible]	990,103
	$ [illegible]	$ 1,123,256

The accompanying notes and schedules are part of these financial statements.

Ministry of Environment

Consolidated Statement of Financial Position

As at March 31, 2000

in thousands

	2000	1999
ASSETS		
Cash (Note 4)	$ 81,479	$ 28,815
Accounts Receivable (Note 5)	47,414	34,430
Inventories (Note 6)	2,005	4,722
Advances	155	138
Capital Assets (Note 7)	1,045,746	1,055,151
	$ 1,176,799	$ 1,123,256
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 46,259	$ 49,396
Loan Payable (Note 8)	-	40,000
Unearned Revenue	37,390	32,298
Provision for Cell Monitoring and Remediation (Note 9)	1,050	1,050
Provision for Future Removal and Site Restoration (Note 10)	11,062	10,409
	95,761	133,153
NET ASSETS		
Net Assets at Beginning of Year	990,103	1,238,477
Net Operating Results	(235,154)	(334,093)
Net Transfer from General Revenues	326,089	85,719
Net Assets at End of Year	1,081,038	990,103
	$ 1,176,799	$ 1,123,256

The accompanying notes and schedules are part of these financial statements.

Ministry of Environment

Consolidated Statement of Operations

For the year ended March 31, 2000

in thousands

	2000 Budget	2000 Actual	1999 Actual
Revenues			
Transfer from Lottery Fund	$ 34,940	$ 34,940	$ -
Transfers from Government of Canada	5,790	30,054	14,061
Investment Income	215	1,606	3,809
Fees, Permits and Licenses			
Timber Royalties and Fees	73,317	101,233	85,936
Land and Grazing	25,800	29,631	30,684
Other	10,104	9,133	10,099
Other Revenue	5,706	5,763	11,016
	155,872	212,360	155,605
Expenses (Schedule 1)			
Voted			
Ministry Support Services	9,252	10,464	10,585
Environmental Service	45,039	52,326	49,153
Natural Resources Service	150,374	115,718	106,423
Land and Forest Service	140,147	127,289	97,894
Reporting Agencies	514	745	627
	345,326	306,542	264,682
Statutory			
Environmental Protection and Enhancement Fund	16,116	138,981	217,660
Alberta Special Waste Management Corporation	-	-	670
Natural Resources Conservation Board	1,304	747	704
Debt Servicing Costs	-	2,901	-
	17,420	142,629	219,034
Valuation Adjustments (Note 3 (b))			
Provision for Doubtful Accounts	(10)	162	6,005
Provision for Vacation Pay	-	(246)	2,229
	(10)	(84)	8,234
Total Expenses	362,736	449,087	491,950
Gains			
Disposal of Capital Assets	(37,969)	(1,573)	(2,048)
Disposal of Inventory Held for Resale	-	-	(204)
	(37,969)	(1,573)	(2,252)
Net Operating Results	$ (168,895)	$ (235,154)	$ (334,093)

The accompanying notes and schedules are part of these financial statements.

Consoildated Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	2000	1999
Operating Transactions		
Net Operating Results	$ (235,154)	$ (334,093)
Non-cash items:		
Amortization	25,394	24,287
Gain on Disposal of Capital Assets	(1,573)	(2,048)
Valuation Adjustments	(84)	8,234
	(211,417)	(303,620)
Increase in Accounts Receivable	(13,146)	(4,815)
Decrease in Inventories	2,717	1,157
Decrease (Increase) in Advances	(17)	66
Decrease in Accounts Payable and Accrued Liabilities	(2,891)	(9,214)
Increase (Decrease) in Unearned Revenue	5,092	(1,184)
Decrease in Pension Liability	-	(59)
Decrease in Provision for Cell Monitoring and Remediation	-	(7)
Increase in Provision for Future Removal and Site Restoration	653	659
Cash Used by Operating Transactions	(219,009)	(317,017)
Investing Transactions		
Purchase of Capital Assets	(13,163)	(6,998)
Reclassification of Inventory Held for Resale (Real Estate)	(2,048)	-
Proceeds from Disposal of Capital Assets	3,062	2,391
Transfer of Capital Assets from Other Government Entities	(2,267)	(2,210)
Cash Used by Investing Transactions	(14,416)	(6,817)
Financing Transactions		
Advance from (Repayment to) Alberta Treasury	(40,000)	40,000
Net Transfer from General Revenues	326,089	85,719
Cash Provided by Financing Transactions	286,089	125,719
Net Cash Provided (Used)	52,664	(198,115)
Cash, Beginning of Year	28,815	226,930
Cash, End of Year	$ 81,479	$ 28,815

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Operations
For the year ended March 31, 2000

in thousands

			1999 Actual
Revenues			
Transfer from Lottery Fund	[illegible]	[illegible]	$ -
Transfers from Government of Canada	[illegible]	[illegible]	14,061
Investment Income	[illegible]	[illegible]	3,809
Fees, Permits and Licenses			
Timber Royalties and Fees	[illegible]	[illegible]	85,936
Land and Grazing	[illegible]	[illegible]	30,684
Other	[illegible]	[illegible]	10,099
Other Revenue	[illegible]	[illegible]	11,016
	[illegible]	[illegible]	155,605
Expenses (Schedule 1)			
Voted			
Ministry Support Services	[illegible]	[illegible]	10,585
Environmental Service	[illegible]	[illegible]	49,153
Natural Resources Service	[illegible]	[illegible]	106,423
Land and Forest Service	[illegible]	[illegible]	97,894
Reporting Agencies	[illegible]	[illegible]	627
	[illegible]	[illegible]	264,682
Statutory			
Environmental Protection and Enhancement Fund	[illegible]	[illegible]	217,660
Alberta Special Waste Management Corporation	[illegible]	[illegible]	670
Natural Resources Conservation Board	[illegible]	[illegible]	704
Debt Servicing Costs	[illegible]	[illegible]	-
	[illegible]	[illegible]	219,034
Valuation Adjustments (Note 3 (b))			
Provision for Doubtful Accounts	[illegible]	[illegible]	6,005
Provision for Vacation Pay	[illegible]	[illegible]	2,229
	[illegible]	[illegible]	8,234
Total Expenses	[illegible]	[illegible]	491,950
Gains			
Disposal of Capital Assets	[illegible]	[illegible]	(2,048)
Disposal of Inventory Held for Resale	[illegible]	[illegible]	(204)
	[illegible]	[illegible]	(2,252)
Net Operating Results	[illegible]	[illegible]	$ (334,093)

The accompanying notes and schedules are part of these financial statements.

Consoildated Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	[redacted]	1999
Operating Transactions		
Net Operating Results	$ [redacted]	$ (334,093)
Non-cash items:		
Amortization	[redacted]	24,287
Gain on Disposal of Capital Assets	[redacted]	(2,048)
Valuation Adjustments	[redacted]	8,234
	[redacted]	(303,620)
Increase in Accounts Receivable	[redacted]	(4,815)
Decrease in Inventories	[redacted]	1,157
Decrease (Increase) in Advances	[redacted]	66
Decrease in Accounts Payable and Accrued Liabilities	[redacted]	(9,214)
Increase (Decrease) in Unearned Revenue	[redacted]	(1,184)
Decrease in Pension Liability	[redacted]	(59)
Decrease in Provision for Cell Monitoring and Remediation	[redacted]	(7)
Increase in Provision for Future Removal and Site Restoration	[redacted]	659
Cash Used by Operating Transactions	[redacted]	(317,017)
Investing Transactions		
Purchase of Capital Assets	[redacted]	(6,998)
Reclassification of Inventory Held for Resale (Real Estate)	[redacted]	-
Proceeds from Disposal of Capital Assets	[redacted]	2,391
Transfer of Capital Assets from Other Government Entities	[redacted]	(2,210)
Cash Used by Investing Transactions	[redacted]	(6,817)
Financing Transactions		
Advance from (Repayment to) Alberta Treasury	[redacted]	40,000
Net Transfer from General Revenues	[redacted]	85,719
Cash Provided by Financing Transactions	[redacted]	125,719
Net Cash Provided (Used)	[redacted]	(198,115)
Cash, Beginning of Year	[redacted]	226,930
Cash, End of Year	$ [redacted]	$ 28,815

The accompanying notes and schedules are part of these financial statements.

in thousands

Note 1 Authority

The Minister of Environment has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Environment.

Organization	Authority
The Department of Environment	*Government Organization Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*

Note 2 Purpose

The Ministry's purpose is the protection and enhancement of the environment and the management of Alberta's renewable natural resources (air, land, water, forests, fish, wildlife and parks).

Two core businesses reflect the Ministry's functions and activities, resource management and environmental hazard management. Resource management - the Ministry of Environment strives to ensure the sustainable use of Alberta's renewable natural resources through the development and implementation of legislation, policies, plans and programs, standard setting, compliance monitoring, ambient monitoring, renewable resource inventories, environmental impact assessments and the issuance of approvals. The Ministry of Environment strives to ensure the environmentally responsible development of non-renewable natural resources. Environmental hazard management - the Ministry of Environment reduces the risks of environmental hazards to people, property and the sustainability of our renewable natural resources through firefighting, flood control, and problem wildlife control.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

a) Reporting Entity

The reporting entity is the Ministry of Environment, for which the Minister of Environment is accountable. These financial statements include the activities of the Department of Environment, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board.

in thousands

b) Basis of Financial Reporting

Basis of Consolidation
The accounts of the Department of Environment, Environmental Protection and Enhancement Fund and Natural Resources Conservation Board are consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between consolidated entities have been eliminated.

Revenues
All revenues are reported on the accrual method of accounting. Cash received or receivable for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers
Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses
Expenses represent the costs of resources consumed during the year by the Ministry's operations. Expenses include amortization of capital assets.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

Certain expenses, primarily for office space, legal advice, and banking services, incurred on behalf of the Ministry by other ministries, are not reflected in the Consolidated Statement of Operations.

Valuation Adjustments
Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Assets
Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories. Inventories are recorded at the lower of cost and net realizable value.

Capital Assets and Amortization
Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Capital assets consist of assets acquired for cash, or as a result of transfers with other Government of Alberta entities. Assets acquired by right, such as crown lands, are not included.

in thousands

The estimated useful lives of major asset categories are as follows:

Land	Infinite
Buildings	40 years
Equipment	3 - 10 years
Computer hardware and software	5 - 10 years
Other	20 years
Land improvements	40 years
Highways and roads	20 - 40 years
Bridges	60 years
Dams and water management structures	25 - 80 years

Liabilities
Liabilities include all financial claims payable by the Ministry at the fiscal year end.

Net Assets
Net assets represent the difference between the value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

[redacted]

$71,283 (1999, $21,853) of cash consists of investment in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the CCITF investments, carrying value approximates fair value.

	1999
CCITF	
Environmental Protection and Enhancement Fund	$ 20,844
Natural Resources Conservation Board	1,009
Total Cash in CCITF	21,853
Department of Environment	6,962
Total Cash	$ 28,815

in thousands

[redacted]

	[redacted]	1999 Net Realizable Value
Accounts Receivable		$ 34,430

Accounts receivable are unsecured and interest bearing.

[redacted]

	[redacted]	1999
Seedlings Ready for Planting or Sale		$ 1,710
Other Supplies		160
Seedlings in Work-in-progress Inventory		804
Real Estate Held for Resale		2,048
		$ 4,722

in thousands

The estimated useful lives of major asset categories are as follows:

Land	Infinite
Buildings	40 years
Equipment	3 - 10 years
Computer hardware and software	5 - 10 years
Other	20 years
Land improvements	40 years
Highways and roads	20 - 40 years
Bridges	60 years
Dams and water management structures	25 - 80 years

Liabilities
Liabilities include all financial claims payable by the Ministry at the fiscal year end.

Net Assets
Net assets represent the difference between the value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

Note 4 Cash

$71,283 (1999, $21,853) of cash consists of investment in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the CCITF investments, carrying value approximates fair value.

	2000	1999
CCITF		
Environmental Protection and Enhancement Fund	$ 70,154	$ 20,844
Natural Resources Conservation Board	1,129	1,009
Total Cash in CCITF	71,283	21,853
Department of Environment	10,196	6,962
Total Cash	$ 81,479	$ 28,815

in thousands

Note 5 Accounts Receivable

	2000			1999
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 58,261	$ 10,847	$ 47,414	$ 34,430

Accounts receivable are unsecured and interest bearing.

Note 6 Inventories

	2000	1999
Seedlings Ready for Planting or Sale	$ 1,147	$ 1,710
Other Supplies	148	160
Seedlings in Work-in-progress Inventory	710	804
Real Estate Held for Resale	-	2,048
	$ 2,005	$ 4,722

in thousands

Note 7 Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets				
Land	$ 134,350	$ -	$ 134,350	$ 134,373
Buildings	127,932	58,875	69,057	70,285
Equipment	27,521	24,887	2,634	2,861
Computer Hardware and Software	24,001	11,570	12,431	9,122
Other	15,914	11,365	4,549	5,345
Infrastructure Assets				
Land Improvements	139,397	56,694	82,703	84,424
Highways and Roads	53,208	29,623	23,585	24,558
Bridges	3,091	534	2,557	2,032
Dam and Water Management Structures	881,541	167,661	713,880	722,151
	$ 1,406,955	$ 361,209	$ 1,045,746	$ 1,055,151

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

Equipment includes office equipment, laboratory equipment, vehicles, heavy equipment, mobile equipment and fire protection equipment.

Other includes ski lifts.

Land improvements include park development.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices within provincial parks.

Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

in thousands

Changes to capital assets were as follows:

	2000	1999
Net Book Value at Beginning of Year	$ 1,055,151	$ 1,070,573
Capital Assets Purchased	13,163	6,998
Disposals and Writedowns	(1,489)	(343)
Reclassification of Inventory Held for Resale	2,048	
Transfers from Other Government Entities	2,267	2,210
Amortization	(25,394)	(24,287)
Net Book Value at End of Year	$ 1,045,746	$ 1,055,151

Note 8 Loan Payable

The loan payable $0 (1999, $40,000) represents a line of credit payable to Alberta Treasury. In 1999, the Ministry required additional funding for fire costs. The interest rate charged on the outstanding balance was the daily published average of the bid price of one-month Canada bankers' acceptance rates. Interest charges ($2,001) were calculated on a prorata basis for the number of days the advance was outstanding.

Note 9 Provision for Cell Monitoring and Remediation

The Ministry is responsible for maintaining the integrity of landfill cells at the Swan Hills waste treatment facility. The obligation was originally jointly funded and established by BOVAR and ASWMC at $1,000, the estimated costs of any required future cell monitoring, repair or replacement. The recorded obligation of $1,050 is the current provision for future estimated costs.

Note 10 Provision for Future Removal and Site Restoration

ASWMC had been responsible for all site remediation that may be required upon closure of the Swan Hills waste treatment plant. With the *Repeal Act* taking effect on November 1, 1998, the Ministry is now responsible for these costs. A consultant's study in 1995 indicated the estimated cost of decommissioning the plant could range from $31,000 to $57,000. An additional study was conducted in 1998 resulting in revised estimated costs of three defined scenarios of $8,900, $21,000 and $21,600. The amount of $21,000 has been used as the new estimate and the annual provision for site restoration has been updated accordingly.

At March 31, 1998 the amount of $9,750 was accumulated as a provision for future removal and site restoration. In conjunction with the above estimate, the remaining $11,250 is being amortized on a straight-line basis. This results in an annual provision of $625 over 18 years commencing in 1998/99. Because assumptions can change, as can the decommissioning methods used, these costs could decrease or increase by a material amount.

in thousands

	1999 Net Book Value
General Capital Assets:	
Land	$ 134,373
Buildings	70,285
Equipment	2,861
Computer Hardware and Software	9,122
Other	5,345
Infrastructure Assets:	
Land Improvements	84,424
Highways and Roads	24,558
Bridges	2,032
Dam and Water Management Structures	722,151
	$ 1,055,151

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

Equipment includes office equipment, laboratory equipment, vehicles, heavy equipment, mobile equipment and fire protection equipment.

Other includes ski lifts.

Land improvements include park development.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices within provincial parks.

Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

in thousands

Changes to capital assets were as follows:

	1999
Net Book Value at Beginning of Year	$ 1,070,573
Capital Assets Purchased	6,998
Disposals and Writedowns	(343)
Reclassification of Inventory Held for Resale	-
Transfers from Other Government Entities	2,210
Amortization	(24,287)
Net Book Value at End of Year	$ 1,055,151

The loan payable $0 (1999, $40,000) represents a line of credit payable to Alberta Treasury. In 1999, the Ministry required additional funding for fire costs. The interest rate charged on the outstanding balance was the daily-published average of the bid price of one-month Canada bankers' acceptance rates. Interest charges ($2,901) were calculated on a prorata basis for the number of days the advance was outstanding.

The Ministry is responsible for maintaining the integrity of landfill cells at the Swan Hills waste treatment facility. The obligation was originally jointly funded and established by BOVAR and ASWMC at $1,000, the estimated costs of any required future cell monitoring, repair or replacement. The recorded obligation of $1,050 is the current provision for future estimated costs.

ASWMC had been responsible for all site remediation that may be required upon closure of the Swan Hills waste treatment plant. With the *Repeal Act* taking effect on November 1, 1998, the Ministry is now responsible for these costs. A consultant's study in 1995 indicated the estimated cost of decommissioning the plant could range from $31,000 to $57,000. An additional study was conducted in 1998 resulting in revised estimated costs of three defined scenarios of $8,900, $21,000 and $21,600. The amount of $21,000 has been used as the new estimate and the annual provision for site restoration has been updated accordingly.

At March 31, 1998 the amount of $9,750 was accumulated as a provision for future removal and site restoration. In conjunction with the above estimate, the remaining $11,250 is being amortized on a straight-line basis. This results in an annual provision of $625 over 18 years commencing in 1998/99. Because assumptions can change, as can the decommissioning methods used, these costs could decrease or increase by a material amount.

The Ministry has the following commitments:

	1999
Construction Contracts	$ 259
Service Contracts	43,824
Long-term Leases (a)	6,243
Grants	
Forest Resources Improvement Association of Alberta (b)	17,000
Waste Management Assistance Program	-
Action on Waste Program	-
Water Management and Erosion Control Program	1,452
Various Other Programs	1,026
	$ 69,804

(a) The Ministry leases certain equipment under operating leases that expire on various dates to 2005. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2001	$ 1,960
2002	1,584
2003	508
2004	33
2005	33
Total	$ 4,118

(b) The grant to Forest Resource Improvement Association of Alberta is provided through the Lottery Fund.

At March 31, 2000 the Ministry was named as the sole defendant in various legal actions which total approximately $78,197 (1999, $94,856). In addition, there are claims amounting to $1,128,297 (1999, $1,105,667) in which the Ministry has been jointly named with other entities. Claims, amounting to $33,549 (1999, $14,434) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

The Ministry also has a contingent liability with respect to future site restoration costs associated with various properties owned by the province. The Ministry recognizes these expenses in the period that site restoration work is performed.

The Ministry is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of many of these actions is not determinable at the present time, however the amounts that may be recovered are potentially significant.

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

Trust funds under administration are as follows:

	1999
General Trust	$ 9,127
Environmental Protection Security Fund	1,894
Junior Forest Ranger Program	65
	$ 11,086

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $231,264 (1999, $203,955).

The majority of these deposits are held as a guarantee to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, hazardous waste management and hazardous recyclable facilities.

In 1999 the Ministry entered into an agreement with the federal government to deliver the Arable Acres Program. Expenses incurred under this agreement were made by the Ministry under authority of the *Financial Administration Act*, Section 29.1. In 2000, the total amount paid and payable under this agreement was $5 (1999, $104).

in thousands

Note 11 Commitments

The Ministry has the following commitments:

	2000	1999
Construction Contracts	$ -	$ 259
Service Contracts	91,883	43,824
Long-term Leases (a)	4,118	6,243
Grants		
Forest Resources Improvement Association of Alberta (b)	-	17,000
Waste Management Assistance Program	3,283	-
Action on Waste Program	1,598	-
Water Management and Erosion Control Program	3,458	1,452
Various Other Programs	2,355	1,026
	$ 106,695	$ 69,804

(a) The Ministry leases certain equipment under operating leases that expire on various dates to 2005. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2001	$ 1,960
2002	1,584
2003	508
2004	33
2005	33
Total	$ 4,118

(b) The grant to Forest Resource Improvement Association of Alberta is provided through the Lottery Fund.

in thousands

Note 12 Contingencies

At March 31, 2000 the Ministry was named as the sole defendant in various legal actions which total approximately $78,197 (1999, $94,856). In addition, there are claims amounting to $1,128,297 (1999, $1,105,667) in which the Ministry has been jointly named with other entities. Claims, amounting to $33,549 (1999, $14,434) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

The Ministry also has a contingent liability with respect to future site restoration costs associated with various properties owned by the province. The Ministry recognizes these expenses in the period that site restoration work is performed.

The Ministry is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of many of these actions is not determinable at the present time, however the amounts that may be recovered are potentially significant.

Note 13 Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

Trust funds under administration are as follows:

	2000	1999
General Trust	$ 12,637	$ 9,127
Environmental Protection Security Fund	1,971	1,894
Junior Forest Ranger Program	169	65
	$ 14,777	$ 11,086

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $231,264 (1999, $205,955).

The majority of these deposits are held as a guarantee to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, hazardous waste management and hazardous recyclable facilities.

Note 14 Payments Under Agreement

In 1999 the Ministry entered into an agreement with the federal government to deliver the Arable Acres Program. Expenses incurred under this agreement were made by the Ministry under authority of the *Financial Administration Act*, Section 29.1. In 2000, the total amount paid and payable under this agreement was $5 (1999, $104).

in thousands

[redacted]

The Ministry participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $5,859 for the year ending March 31, 2000 (1999, $5,494)

At December 31, 1999, the Management Employees Pension Plan reported a surplus of $46,019 (1998, $4,355) and the Public Service Pension Plan reported a surplus of $517,020 (1998, $406,445). At December 31, 1999, the Supplementary Retirement Plan for Public Service Managers had a surplus of $33.

Note 16 [redacted]

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

Note 17 [redacted]

The financial statements were approved by the senior financial officer and the deputy minister.

in thousands

Schedule 1

	[redacted]	[redacted]	1999 Actual
Salaries, Wages and Employee Benefits	$ [redacted]	$ [redacted]	$ 162,296
Supplies and Services	[redacted]	[redacted]	279,452
Grants	[redacted]	[redacted]	16,966
Financial Transactions and Other	[redacted]	[redacted]	714
Amortization of Capital Investment	[redacted]	[redacted]	24,288
TOTAL GROSS EXPENSES	[redacted]	[redacted]	483,716
Dedicated Revenue	[redacted]	[redacted]	(6,551)
TOTAL NET EXPENSES	$ [redacted]	$ [redacted]	$ 477,165

in thousands

Schedule 1

	2000		1999
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 144,120	$ 158,565	$ 162,296
Supplies and Services	118,498	224,385	279,452
Grants	73,632	37,140	16,966
Financial Transactions and Other	414	3,689	714
Amortization of Capital Investment	26,082	25,392	24,288
TOTAL GROSS EXPENSES	362,746	449,171	483,716
Dedicated Revenue	(9,700)	(7,086)	(6,551)
TOTAL NET EXPENSES	$ 353,046	$ 442,085	$ 477,165

in thousands

Schedule 2

		1999-2000		1998-1999
		Authorized Budget	Actual Capital	Actual Capital
Voted Capital				
Ministry Support Services				
1.0.1	Minister's Office	$ -	$ -	$ -
1.0.2	Deputy Minister's Office	-	-	7
1.0.3	Financial Services	28	86	28
1.0.4	Communications	-	-	-
1.0.5	Human Resources	-	-	9
1.0.6	Amortization of Capital Investment	-	-	-
	TOTAL PROGRAM 1	28	86	44
Environmental Service				
2.1	Provincial Operations			
2.1.1	Environmental Assessment and Strategy	-	-	383
2.1.2	Enforcement and Monitoring	352	262	-
2.1.3	Compliance	-	-	27
2.1.4	Environmental Sciences	-	7	-
2.1.5	Environmental Operations	219	144	168
2.1.6	Freedom of Information and Protection of Privacy	-	-	-
	Total Sub-program	571	413	578
2.2	Regional Operations			
2.2.1	Prairie Region	-	-	-
2.2.2	Bow Region	-	-	-
2.2.3	Parkland Region	-	-	-
2.2.4	Northern East Slopes Region	-	-	-
2.2.5	Northeast Boreal Region	-	-	-
2.2.6	Northwest Boreal Region	-	-	-
	Total Sub-program	-	-	-
2.3	Non-Cash Transactions			
2.3.1	Amortization of Capital Investment	-	-	-
	Total Sub-program	-	-	-
	TOTAL PROGRAM 2	571	413	578

in thousands

Schedule 2 - cont'd

			1999-2000		1998-1999
			Authorized Budget	**Actual Capital**	**Actual Capital**
Natural Resources Service					
3.1	Resources Management				
3.1.1	Client and Licensing Services		477	280	321
3.1.2	Enforcement Field Services		-	27	-
3.1.3	Water Management		8,350	6,830	630
3.1.4	Fisheries and Wildlife Management		-	82	-
3.1.5	Recreation and Protected Areas		-	-	572
		Total Sub-program	8,827	7,219	1,523
3.2	Regional Operations				
3.2.1	Northwest Boreal Region		430	292	295
3.2.2	Northeast Boreal Region		257	195	234
3.2.3	Northern East Slopes Region		430	364	215
3.2.4	Bow Region		1,405	987	229
3.2.5	Parkland Region		900	771	1,017
3.2.6	Prairie Region		1,112	979	989
		Total Sub-program	4,534	3,588	2,979
3.3	Non-Cash Transactions				
3.3.1	Amortization of Capital Investment		-	-	-
3.3.2	Nominal Sum Disposals		-	-	-
		Total Sub-program	-	-	-
	TOTAL PROGRAM 3		13,361	10,807	4,502
Land and Forest Service					
4.1	Provincial Operations				
4.1.1	Forest Management		637	181	511
4.1.2	Forest Protection		185	446	366
4.1.3	Land Administration		120	676	44
4.1.4	Resource Data		680	211	451
		Total Sub-program	1,622	1,514	1,372
4.2	Regional Operations				
4.2.1	Northeast Boreal Region		35	39	45
4.2.2	Parkland/Bow Prairie Region		35	39	70
4.2.3	Northern East Slopes Region		35	39	45
4.2.4	Northwest Boreal Region		257	59	312
		Total Sub-program	362	176	472

Schedule to the Consolidated Financial Statements

Comparison of Capital by Element to Authorized Budget

March 31, 2000

in thousands

Schedule 2

			1998-1999 Actual Capital
Voted Capital			
Ministry Support Services			
1.0.1	Minister's Office		$ -
1.0.2	Deputy Minister's Office		7
1.0.3	Financial Services		28
1.0.4	Communications		-
1.0.5	Human Resources		9
1.0.6	Amortization of Capital Investment		-
	TOTAL PROGRAM 1		44
Environmental Service			
2.1	Provincial Operations		
2.1.1	Environmental Assessment and Strategy		383
2.1.2	Enforcement and Monitoring		-
2.1.3	Compliance		27
2.1.4	Environmental Sciences		-
2.1.5	Environmental Operations		168
2.1.6	Freedom of Information and Protection of Privacy		-
		Total Sub-program	578
2.2	Regional Operations		
2.2.1	Prairie Region		-
2.2.2	Bow Region		-
2.2.3	Parkland Region		-
2.2.4	Northern East Slopes Region		-
2.2.5	Northeast Boreal Region		-
2.2.6	Northwest Boreal Region		-
		Total Sub-program	-
2.3	Non-Cash Transactions		
2.3.1	Amortization of Capital Investment		-
		Total Sub-program	-
	TOTAL PROGRAM 2		578

in thousands

Schedule 2 - cont'd

			[redacted]	[redacted]	1998-1999 Actual Capital
Natural Resources Service					
3.1	Resources Management				
3.1.1	Client and Licensing Services		[redacted]	[redacted]	321
3.1.2	Enforcement Field Services		[redacted]	[redacted]	-
3.1.3	Water Management		[redacted]	[redacted]	630
3.1.4	Fisheries and Wildlife Management		[redacted]	[redacted]	-
3.1.5	Recreation and Protected Areas		[redacted]	[redacted]	572
		Total Sub-program	[redacted]	[redacted]	1,523
3.2	Regional Operations				
3.2.1	Northwest Boreal Region		[redacted]	[redacted]	295
3.2.2	Northeast Boreal Region		[redacted]	[redacted]	234
3.2.3	Northern East Slopes Region		[redacted]	[redacted]	215
3.2.4	Bow Region		[redacted]	[redacted]	229
3.2.5	Parkland Region		[redacted]	[redacted]	1,017
3.2.6	Prairie Region		[redacted]	[redacted]	989
		Total Sub-program	[redacted]	[redacted]	2,979
3.3	Non-Cash Transactions				
3.3.1	Amortization of Capital Investment		[redacted]	[redacted]	-
3.3.2	Nominal Sum Disposals		[redacted]	[redacted]	-
		Total Sub-program	[redacted]	[redacted]	-
	TOTAL PROGRAM 3		[redacted]	[redacted]	4,502
Land and Forest Service					
4.1	Provincial Operations				
4.1.1	Forest Management		[redacted]	[redacted]	511
4.1.2	Forest Protection		[redacted]	[redacted]	366
4.1.3	Land Administration		[redacted]	[redacted]	44
4.1.4	Resource Data		[redacted]	[redacted]	451
		Total Sub-program	[redacted]	[redacted]	1,372
4.2	Regional Operations				
4.2.1	Northeast Boreal Region		[redacted]	[redacted]	45
4.2.2	Parkland/Bow Prairie Region		[redacted]	[redacted]	70
4.2.3	Northern East Slopes Region		[redacted]	[redacted]	45
4.2.4	Northwest Boreal Region		[redacted]	[redacted]	312
		Total Sub-program	[redacted]	[redacted]	472

in thousands

Schedule 2 - cont'd

			1998-1999 Actual Capital
4.3	Fire Suppression		
4.3.1	Fire Suppression		26
		Total Sub-program	26
4.4	Non-Cash Transactions		
4.4.1	Amortization of Capital Investment		-
4.4.2	Nominal Sum Disposals		
		Total Sub-program	-
	TOTAL PROGRAM 4		1,870
Reporting Agencies			
5.1	Administrative Appeal Services		
5.1.1	Environmental Appeal Board		-
		Total Sub-program	-
5.2	Assistance to Natural Resources Conservation		
5.2.1	Natural Resources Conservation Board		-
		Total Sub-program	-
	TOTAL PROGRAM 5		-
	Total Voted Capital		6,994
Statutory Capital			
	Environmental Protection and Enhancement Fund		-
	Natural Resources Conservation Board		4
	Total Statutory Capital		4
	TOTAL MINISTRY CAPITAL		$ 6,998

in thousands

Schedule 3

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Other Government of Alberta Entities
	1999
Revenues	
Grants	$ -
Fees and Charges	146
	$ 146
Expenses	
Grants	$ -
Other Services	5,289
Interest	-
	$ 5,289
Capital Assets Transferred	$ 2,210
Receivable From	$ -
Payable To	$ -
Advances From	$ 40,000

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Government of Alberta Entities
	1999
Expenses	
Accommodation	$ 18,037

in thousands

Schedule 2 - cont'd

			1999-2000		1998-1999
			Authorized Budget	**Actual Capital**	**Actual Capital**
4.3	Fire Suppression				
4.3.1	Fire Suppression		35	158	26
		Total Sub-program	35	158	26
4.4	Non-Cash Transactions				
4.4.1	Amortization of Capital Investment		-	-	-
4.4.2	Nominal Sum Disposals		-	-	
		Total Sub-program	-	-	-
	TOTAL PROGRAM 4		2,019	1,848	1,870
Reporting Agencies					
5.1	Administrative Appeal Services				
5.1.1	Environmental Appeal Board		-	-	-
		Total Sub-program	-	-	-
5.2	Assistance to Natural Resources Conservation				
5.2.1	Natural Resources Conservation Board		-	-	-
		Total Sub-program	-	-	-
	TOTAL PROGRAM 5		-	-	-
	Total Voted Capital		15,979	13,154	6,994
Statutory Capital					
	Environmental Protection and Enhancement Fund		-	-	-
	Natural Resources Conservation Board		8	9	4
	Total Statutory Capital		8	9	4
	TOTAL MINISTRY CAPITAL		$ 15,987	$ 13,163	$ 6,998

in thousands

Schedule 3

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Other Government of Alberta Entities	
	2000	1999
Revenues		
Grants	$ 34,940	$ -
Fees and Charges	144	146
	$ 35,084	$ 146
Expenses		
Grants	$ 53	$ -
Other Services	6,336	5,289
Interest	2,901	-
	$ 9,290	$ 5,289
Capital Assets Transferred	$ 2,267	$ 2,210
Receivable From	$ -	$ -
Payable To	$ 402	$ -
Advances From	$ -	$ 40,000

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Government of Alberta Entities	
	2000	1999
Expenses		
Accommodation	$ 17,566	$ 18,037

Department of Environment

I have audited the statement of financial position of the Department of Environment as at March 31, 2000 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The department is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across departments. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

Site restoration costs

Management has identified sites that are owned by the government and for which the department is responsible for site restoration. The cost to restore these sites is estimated to be $14.7 million. For these identified sites, no liability has been recorded. As a result, liabilities are understated and net assets are overstated by $14.7 million. There are also a number of other sites not owned by the government, for which the department may be responsible for site restoration. These financial statements do not disclose the department's liability for the restoration of the sites not owned by the government.

Capitalization of assets

Capital asset purchases under $15,000 in the department have been expensed in the year acquired and have not been recognized as an asset in the accompanying statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the statement of operations. In my view, these financial statements should recognize capital assets with a net book value estimated to be at least $20 million. The resulting effect is to understate net assets by the same amount. The effect of this understatement of capital assets on expenses cannot reasonably be determined.

Excluded direct costs

Accommodation and certain other administrative costs incurred in the operation of the department have not been included in expenses. These costs, estimated at $17.4 million for accommodation only, are recorded by the departments that paid the expenses on behalf of the Department of Environment.

Consumable inventory

Consumable inventory has been expensed when purchased and has not been recognized as an asset in the accompanying consolidated statement of financial position. The value of consumable inventory not recorded as at March 31, 2000 is estimated to be between $3 and $4 million. As a result, net assets are understated by the same amount.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the department as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 19, 2000

Statement of Financial Position
As at March 31,2000

in thousands

	1999
ASSETS	
Cash	$ 6,962
Accounts Receivable (Note 4)	34,404
Advances (Note 5)	138
Inventories	3,811
Capital Assets (Note 7)	1,053,955
	$ 1,099,270
LIABILITIES	
Accounts Payable and Accrued Liabilities	$ 85,579
Unearned Revenue	32,298
	117,877
NET ASSETS	
Net Assets at Beginning of Year	1,087,261
Net Operating Results	(191,587)
Net Transfer from General Revenues	85,719
Net Assets at End of Year	981,393
	$ 1,099,270

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Financial Position

As at March 31, 2000

in thousands

	2000	1999
ASSETS		
Cash	$ 10,196	$ 6,962
Accounts Receivable (Note 4)	48,804	34,404
Advances (Note 5)	155	138
Inventories	2,005	3,811
Capital Assets (Note 7)	1,044,590	1,053,955
	$ 1,105,750	$ 1,099,270
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 96,372	$ 85,579
Unearned Revenue	37,390	32,298
	133,762	117,877
NET ASSETS		
Net Assets at Beginning of Year	981,393	1,087,261
Net Operating Results	(335,494)	(191,587)
Net Transfer from General Revenues	326,089	85,719
Net Assets at End of Year	971,988	981,393
	$ 1,105,750	$ 1,099,270

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Operations

For the year ended March 31, 2000

in thousands

	2000 Budget (Schedule 4)	2000 Actual	1999 Actual
Revenues (Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	$ (55,070)	$ (112,779)	$ (79,542)
Transfer from Lottery Fund	34,940	34,940	-
Transfers from Government of Canada	5,790	30,054	14,061
Fees, Permits and Licenses	108,721	138,719	125,390
Investment Income	200	169	245
Other Revenue	5,704	5,705	10,965
	100,285	96,808	71,119
Expenses			
Voted (Schedules 2, 3 and 5)			
Ministry Support Services	9,252	10,489	10,605
Environmental Service	45,039	53,226	49,153
Natural Resources Service	150,374	115,718	106,423
Land and Forest Service	140,147	253,085	97,894
Natural Resources Conservation Board	1,246	696	430
Environmental Appeal Board	514	745	627
	346,572	433,959	265,132
Valuation Adjustments			
Provision for Doubtful Accounts	(10)	162	6,005
Provision for Vacation Pay	-	(246)	2,229
Adjustment for Closure of Alberta Special Waste Management Corporation	-	-	(8,408)
	(10)	(84)	(174)
Total Expenses	346,562	433,875	264,958
Gains			
Disposal of Capital Assets	(37,969)	(1,573)	(2,048)
Disposal of Inventory Held for Resale	-	-	(204)
	(37,969)	(1,573)	(2,252)
Net Operating Results	$ (208,308)	$ (335,494)	$ (191,587)

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	2000	1999
Operating Transactions		
Net Operating Results	$ (335,494)	$ (191,587)
Non-cash items:		
Amortization	25,345	24,229
Gain on Disposal of Capital Assets	(1,573)	(2,048)
Valuation Adjustments	(84)	(174)
	(311,806)	(169,580)
Decrease (Increase) in Accounts Receivable	(14,562)	84,622
Decrease (Increase) in Advances	(17)	66
Decrease in Inventories	1,806	899
Increase in Accounts Payable and Accrued Liabilities	11,039	3,117
Increase (Decrease) in Unearned Revenue	5,092	(1,184)
Cash Used by Operating Transactions	(308,448)	(82,060)
Investing Transactions		
Purchase of Capital Assets	(13,154)	(6,994)
Reclassification of Inventory Held for Resale (Real Estate)	(2,048)	-
Proceeds from Disposal of Capital Assets	3,062	2,391
Transfer of Capital Assets from other Government Entities	(2,267)	(2,210)
Cash Used by Investing Transactions	(14,407)	(6,813)
Financing Transactions		
Net Transfer from General Revenues	326,089	85,719
Cash Provided by Financing Transactions	326,089	85,719
Net Cash Provided (Used)	3,234	(3,154)
Cash, Beginning of Year	6,962	10,116
Cash, End of Year	$ 10,196	$ 6,962

The accompanying notes and schedules are part of these financial statements.

Statement of Operations
For the year ended March 31, 2000

in thousands

	[redacted]	[redacted]	1999 Actual
Revenues (Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	[redacted]	[redacted]	$ (79,542)
Transfer from Lottery Fund	[redacted]	[redacted]	-
Transfers from Government of Canada	[redacted]	[redacted]	14,061
Fees, Permits and Licenses	[redacted]	[redacted]	125,390
Investment Income	[redacted]	[redacted]	245
Other Revenue	[redacted]	[redacted]	10,965
	[redacted]	[redacted]	71,119
Expenses			
Voted (Schedules 2, 3 and 5)			
Ministry Support Services	[redacted]	[redacted]	10,605
Environmental Service	[redacted]	[redacted]	49,153
Natural Resources Service	[redacted]	[redacted]	106,423
Land and Forest Service	[redacted]	[redacted]	97,894
Natural Resources Conservation Board	[redacted]	[redacted]	430
Environmental Appeal Board	[redacted]	[redacted]	627
	[redacted]	[redacted]	265,132
Valuation Adjustments			
Provision for Doubtful Accounts	[redacted]	[redacted]	6,005
Provision for Vacation Pay	[redacted]	[redacted]	2,229
Adjustment for Closure of Alberta Special Waste Management Corporation	[redacted]	[redacted]	(8,408)
	[redacted]	[redacted]	(174)
Total Expenses	[redacted]	[redacted]	264,958
Gains			
Disposal of Capital Assets	[redacted]	[redacted]	(2,048)
Disposal of Inventory Held for Resale	[redacted]	[redacted]	(204)
	[redacted]	[redacted]	(2,252)
Net Operating Results	[redacted]	[redacted]	$ (191,587)

The accompanying notes and schedules are part of these financial statements.

Statement of Changes in Financial Position
For the year ended March 31, 2000

in thousands

	1999
Operating Transactions	
Net Operating Results	$ (191,587)
Non-cash items:	
Amortization	24,229
Gain on Disposal of Capital Assets	(2,048)
Valuation Adjustments	(174)
	(169,580)
Decrease (Increase) in Accounts Receivable	84,622
Decrease (Increase) in Advances	66
Decrease in Inventories	899
Increase in Accounts Payable and Accrued Liabilities	3,117
Increase (Decrease) in Unearned Revenue	(1,184)
Cash Used by Operating Transactions	(82,060)
Investing Transactions	
Purchase of Capital Assets	(6,994)
Reclassification of Inventory Held for Resale (Real Estate)	-
Proceeds from Disposal of Capital Assets	2,391
Transfer of Capital Assets from other Government Entities	(2,210)
Cash Used by Investing Transactions	(6,813)
Financing Transactions	
Net Transfer from General Revenues	85,719
Cash Provided by Financing Transactions	85,719
Net Cash Provided (Used)	(3,154)
Cash, Beginning of Year	10,116
Cash, End of Year	$ 6,962

The accompanying notes and schedules are part of these financial statements.

in thousands

The Department of Environment (the department) operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the department is the protection and enhancement of the environment and the management of Alberta's renewable natural resources (air, land, water, forests, fish, wildlife and parks). The department is committed to managing the environment in a way that protects and maintains the landscape and its diversity for the benefit of present and future generations. Future economic prosperity is supported by managing natural resources in a sustainable manner.

The financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Environment, which is part of the Ministry of Environment (the Ministry) and for which the Minister of Environment is accountable. Other entities reporting to the Minister include the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements.

The Ministry annual report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the fund). The fund is administered by the provincial treasurer. All cash receipts of departments are deposited into the fund and all cash disbursements made by departments are paid from the fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received or receivable for which goods or services have not been provided by year end is recorded as unearned revenue. Dedicated revenues shown in Schedule 2 are included in revenue.

in thousands

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's expense budget is reduced. Conversely, if actual dedicated revenues exceed budget, the department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the department's dedicated revenue initiatives.

Expenses

Expenses represent the costs of resources consumed during the year on the department's operations. Expenses include amortization of capital assets.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

Certain expenses, primarily for office space, legal advice, and banking services, incurred on behalf of the department by other ministries, are not reflected in the Statement of Operations. Schedule 7 discloses information on these related party transactions.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Assets

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories. Inventories are recorded at the lower of cost and net realizable value.

Capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets.

in thousands

The estimated useful lives of major asset categories are as follows:

Land	Infinite
Buildings	40 years
Equipment	3 - 10 years
Computer Hardware and Software	5 - 10 years
Other	20 years
Land Improvements	40 years
Highways and Roads	20 - 40 years
Bridges	60 years
Dams and Water Management Structures	25 - 80 years

All land is capitalized. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. Capital assets consist of assets acquired for cash, or as a result of transfers with other Government of Alberta entities. Assets acquired by right are not included.

Liabilities

Liabilities include all financial claims payable by the department at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the department and its liabilities.

[redacted]

	1999 Net Realizable Value
Accounts Receivable	$ 33,719
Refunds from Suppliers	685
	$ 34,404

Accounts receivable are unsecured and interest bearing.

in thousands

	1999 Net Realizable Value
Travel Advances	$ 192
Payments Based on Agreements	(54)
	$ 138

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

in thousands

The estimated useful lives of major asset categories are as follows:

Land	Infinite
Buildings	40 years
Equipment	3 - 10 years
Computer Hardware and Software	5 - 10 years
Other	20 years
Land Improvements	40 years
Highways and Roads	20 - 40 years
Bridges	60 years
Dams and Water Management Structures	25 - 80 years

All land is capitalized. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. Capital assets consist of assets acquired for cash, or as a result of transfers with other Government of Alberta entities. Assets acquired by right are not included.

Liabilities

Liabilities include all financial claims payable by the department at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the department and its liabilities.

Note 4 Accounts Receivable

	2000			1999
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 57,999	$ 10,847	$ 47,152	$ 33,719
Refunds from Suppliers	1,652	-	1,652	685
	$ 59,651	$ 10,847	$ 48,804	$ 34,404

Accounts receivable are unsecured and interest bearing.

in thousands

Note 5 Advances

	2000			1999
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Travel Advances	$ 155	$ -	$ 155	$ 192
Payments Based on Agreements	-	-	-	(54)
	$ 155	$ -	$ 155	$ 138

Note 6 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

in thousands

Note 7 Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets:				
Land	$ 134,276	$ -	$ 134,276	$ 134,219
Buildings	126,532	58,512	68,020	69,328
Equipment	27,381	24,779	2,602	2,821
Computer Hardware and Software	23,813	11,395	12,418	9,077
Other	15,914	11,365	4,549	5,345
Infrastructure Assets:				
Land Improvements	139,397	56,694	82,703	84,424
Highways and Roads	53,208	29,623	23,585	24,558
Bridges	3,091	534	2,557	2,032
Dam and Water Management Structures	881,541	167,661	713,880	722,151
	$ 1,405,153	$ 360,563	$ 1,044,590	$ 1,053,955

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

Equipment includes office equipment, laboratory equipment, vehicles, heavy equipment, mobile equipment and fire protection equipment.

Other includes ski lifts.

Land improvements include park development.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices within provincial parks.

Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

in thousands

Changes to capital assets were as follows:

	2000	1999
Net book value at beginning of year	$ 1,053,955	$ 1,069,323
Capital assets purchased	13,154	6,994
Disposals and writedowns	(1,489)	(343)
Reclassification of inventory held for resale	2,048	-
Transfer with other government entities	2,267	2,210
Amortization	(25,345)	(24,229)
Net book value at end of year	$ 1,044,590	$ 1,053,955

Note 8 Commitments

The department has the following commitments:

	2000	1999
Construction contracts	$ -	$ 259
Service contracts	9,405	43,824
Long-term leases (a)	4,118	6,243
Grants		
Forest Resources Improvement Association of Alberta (b)	-	17,000
Waste Management Assistance Program	3,283	-
Action on Waste Program	1,598	
Water Management and Erosion Control Program	3,458	1,452
Various other programs	2,355	1,026
	$ 24,217	$ 69,804

in thousands

	1999 Net Book Value
General Capital Assets:	
Land	$ 134,219
Buildings	69,328
Equipment	2,821
Computer Hardware and Software	9,077
Other	5,345
Infrastructure Assets:	
Land Improvements	84,424
Highways and Roads	24,558
Bridges	2,032
Dam and Water Management Structures	722,151
	$ 1,053,955

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

Equipment includes office equipment, laboratory equipment, vehicles, heavy equipment, mobile equipment and fire protection equipment.

Other includes ski lifts.

Land improvements include park development.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices within provincial parks.

Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

in thousands

Changes to capital assets were as follows:

	1999
Net book value at beginning of year	$ 1,069,323
Capital assets purchased	6,994
Disposals and writedowns	(343)
Reclassification of inventory held for resale	-
Transfer with other government entities	2,210
Amortization	(24,229)
Net book value at end of year	$ 1,053,955

[redacted]

The department has the following commitments:

	1999
Construction contracts	$ 259
Service contracts	43,824
Long-term leases (a)	6,243
Grants	
Forest Resources Improvement Association of Alberta (b)	17,000
Waste Management Assistance Program	-
Action on Waste Program	-
Water Management and Erosion Control Program	1,452
Various other programs	1,026
	$ 69,804

in thousands

(a) The department leases certain equipment under operating leases that expire on various dates to 2005. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2001	$ 1,960
2002	1,584
2003	508
2004	33
2005	33
Total	$ 4,118

(b) The grant to Forest Resource Improvement Association of Alberta was provided through the Lottery Fund.

At March 31, 2000 the department was named as the sole defendant in various legal actions which total approximately $78,197 (1999, $94,856). In addition, there are claims amounting to $1,128,297 (1999, $1,105,667) in which the department has been jointly named with other entities. Claims, amounting to $33,549 (1999, $14,434) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

The department also has a contingent liability with respect to future site restoration costs associated with various properties owned by the province. The department recognizes these expenses in the period that site restoration work is performed.

The department is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of many of these actions is not determinable at the present time, however the amounts that may be recovered are potentially significant.

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

in thousands

As at March 31, 2000, trust funds under administration are as follows:

	1999
General Trust	$ 9,127
Environmental Protection Security Fund	1,894
Junior Forest Ranger Program	65
	$ 11,086

In addition to the above trust funds under administration, the department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $231,264 (1999, $203,955).

The majority of these deposits are held as a guarantee to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, hazardous waste management and hazardous recyclable facilities.

[redacted]

In 1999 the department entered into an agreement with the federal government to deliver the Arable Acres Program. Expenses incurred under this agreement were made by the department under authority of the *Financial Administration Act*, Section 29.1. In 2000, the total amount paid and payable under this agreement was $5 (1999, $104).

[redacted]

The department participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The department also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $5,812 for the year ending March 31, 2000 (1999, $5,452).

At December 31, 1999, the Management Employees Pension Plan reported a surplus of $46,019 (1998, $4,355) and the Public Service Pension Plan reported a surplus of $517,020 (1998, $406,445). At December 31, 1999, the Supplementary Retirement Plan for Public Managers had a surplus of $33.

[redacted]

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

in thousands

As at March 31, 2000, trust funds under administration are as follows:

	2000	1999
General Trust	$ 12,637	$ 9,127
Environmental Protection Security Fund	1,971	1,894
Junior Forest Ranger Program	169	65
	$ 14,777	$ 11,086

In addition to the above trust funds under administration, the department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $231,264 (1999, $203,955).

The majority of these deposits are held as a guarantee to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, hazardous waste management and hazardous recyclable facilities.

Note 11 Payments Under Agreement

In 1999 the department entered into an agreement with the federal government to deliver the Arable Acres Program. Expenses incurred under this agreement were made by the department under authority of the *Financial Administration Act*, Section 29.1. In 2000, the total amount paid and payable under this agreement was $5 (1999, $104).

Note 12 Pensions

The department participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The department also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $5,812 for the year ending March 31, 2000 (1999, $5,452).

At December 31, 1999, the Management Employees Pension Plan reported a surplus of $46,019 (1998, $4,355) and the Public Service Pension Plan reported a surplus of $517,020 (1998, $406,445). At December 31, 1999, the Supplementary Retirement Plan for Public Managers had a surplus of $33.

Note 13 Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

in thousands

The senior financial officer and the deputy minister approved the financial statements.

in thousands

Schedule 1

	2000		1999
	Budget	Actual	Actual
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ (55,070)	$ (112,779)	$ (79,542)
Transfer from Lottery Fund	34,940	34,940	-
Transfers from the Government of Canada	5,790	30,054	14,061
Fees, Permits and Licenses			
Timber Royalties and Fees	73,317	100,772	85,936
Land and Grazing	25,800	29,631	30,684
Other	9,604	8,316	8,770
	108,721	138,719	125,390
Investment Income	200	169	245
Other Revenue			
Sale of Inventory and Land	2,000	(771)	(2,106)
Refunds of Expenditure	300	2,665	8,570
Other	3,404	3,811	4,501
	5,704	5,705	10,965
Total Revenue	$ 100,285	$ 96,808	$ 71,119

in thousands

Schedule 1

	2000 Budget	2000 Actual	1999 Actual
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ (55,070)	$ (112,779)	$ (79,542)
Transfer from Lottery Fund	34,940	34,940	-
Transfers from the Government of Canada	5,790	30,054	14,061
Fees, Permits and Licenses			
Timber Royalties and Fees	73,317	100,772	85,936
Land and Grazing	25,800	29,631	30,684
Other	9,604	8,316	8,770
	108,721	138,719	125,390
Investment Income	200	169	245
Other Revenue			
Sale of Inventory and Land	2,000	(771)	(2,106)
Refunds of Expenditure	300	2,665	8,570
Other	3,404	3,811	4,501
	5,704	5,705	10,965
Total Revenue	$ 100,285	$ 96,808	$ 71,119

Department of Environment

Schedule of the Financial Statements

Dedicated Revenue Operating Initiatives

For the year ended March 31, 2000

in thousands

Schedule 2A

	2000		1999
	Authorized Budget	Actual	Actual
Reforestation			
Dedicated Revenue	$ 6,900	$ 5,074	$ 5,503
Expense	6,900	5,167	5,410
Net Revenue (Expense)	-	(93)	93
Spatial Data Warehouse			
Dedicated Revenue	700	656	-
Expense	700	656	-
Net Revenue	-	-	-
Park Operations			
Dedicated Revenue	2,100	1,205	1,048
Expense	2,100	965	743
Net Revenue	-	240	305
Water Management Infrastructure			
Dedicated Revenue	32	32	-
Expense	32	32	-
Net Revenue	-	-	-
Western Economic Partnership Agreement			
Dedicated Revenue	168	119	-
Expense	168	274	-
Net (Expense)	-	(155)	-
Total			
Dedicated Revenue	9,900	7,086	6,551
Expense	9,900	7,094	6,153
Net Revenue	$ -	$ (8)	$ 398

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following years' expense budget is reduced. Conversely, if actual dedicated revenues exceed budget, the department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program.

in thousands

Schedule 2A

	1999 Actual
Reforestation	
Dedicated Revenue	$ 5,503
Expense	5,410
Net Revenue (Expense)	93
Spatial Data Warehouse	
Dedicated Revenue	-
Expense	-
Net Revenue	-
Park Operations	
Dedicated Revenue	1,048
Expense	743
Net Revenue	305
Water Management Infrastructure	
Dedicated Revenue	-
Expense	-
Net Revenue	-
Western Economic Partnership Agreement	
Dedicated Revenue	-
Expense	-
Net (Expense)	-
Total	
Dedicated Revenue	6,551
Expense	6,153
Net Revenue	$ 398

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following years' expense budget is reduced. Conversely, if actual dedicated revenues exceed budget, the department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program.

Schedule 2A - cont'd

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the province.

The Spatial Data Warehouse dedicated revenue initiative was established for the purpose of updating the cadastral base maps. The source of this dedicated revenue is a filing fee of $100 per survey plan filed at Land Titles Office.

The Parks Operations dedicated revenue initiative is established to: a) ensure that tendered campgrounds, that have not been contracted out, and other recreation facilities will remain open to the public; b) facilitate the receipt of corporate and private sector contributions to the parks program; c) provide for the interim operation of tendered campgrounds and recreation facilities by redirecting fees, corporate and other contributions to park operations; d) provide for the cost of firewood supply at sites which do not have facility operating agreements or firewood concessions or operating agreements.

The Water Management Infrastructure dedicated revenue initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the province.

The Western Economic Partnership Agreement dedicated revenue initiative refers to an agreement with the federal government whereby the federal government has agreed to pay 50% of the cost of the following two projects over a three year period beginning in 1999/2000:

(1) preparation of ground water protection maps and,

(2) development of a sustainable development strategy for the Athabasca oil sands.

Note: The dedicated revenues and expenses presented in this schedule are included in the department's Statement of Operations.

in thousands

Schedule 2B

	1999 Actual
Reforestation	
Dedicated Revenue	$ 100
Forest Management	100
Net Revenue	-
Parks Reinvestment Levy	
Dedicated Revenue	426
Expenses	572
Net Revenue (Expense)	(146)
Total	
Dedicated Revenue	526
Expenses	672
Net Revenue (Expense)	$ (146)

Revenues generated by the Parks Reinvestment Levy Dedicated Revenue are used for reinvestment in the aging infrastructure of Alberta's parks and recreation areas. This levy is included in the camping fees at all Natural Heritage Sites and those recreation facility sites operated to department standards and is collected as follows:

Individual camping	- $2.00/camping permit/night;
Group camping	- $20.00/group plus $2.00 for each camping unit over 10/night;
Backcountry camping	- $3.00/person/night
Group day use	- $5.00/group/day

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the province.

in thousands

Schedule 3

	1999 Actual
Voted:	
Salaries, Wages and Employee Benefits	$ 141,415
Supplies and Services	92,439
Grants	6,931
Financial Transactions and Other	118
Amortization of Capital Assets	24,229
Total Voted Expenses	$ 265,132

in thousands

Schedule 2B

	2000 Budget	2000 Actual	1999 Actual
Reforestation			
Dedicated Revenue	$ 100	$ 21	$ 100
Forest Management	100	21	100
Net Revenue	-	-	-
Parks Reinvestment Levy			
Dedicated Revenue	1,500	553	426
Expenses	1,500	550	572
Net Revenue (Expense)	-	3	(146)
Total			
Dedicated Revenue	1,600	574	526
Expenses	1,600	571	672
Net Revenue (Expense)	$ -	$ 3	$ (146)

Revenues generated by the Parks Reinvestment Levy Dedicated Revenue are used for reinvestment in the aging infrastructure of Alberta's parks and recreation areas. This levy is included in the camping fees at all Natural Heritage Sites and those recreation facility sites operated to department standards and is collected as follows:

Individual camping	- $2.00/camping permit/night;
Group camping	- $20.00/group plus $2.00 for each camping unit over 10/night;
Backcountry camping	- $3.00/person/night
Group day use	- $5.00/group/day

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the province.

Department of Environment

Schedule to the Financial Statements

Expense Detailed by Object

For the year ended March 31, 2000

in thousands

Schedule 3

	2000		1999
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 140,401	$ 143,146	$ 141,415
Supplies and Services	105,671	101,342	92,439
Grants	74,392	164,022	6,931
Financial Transactions and Other	81	104	118
Amortization of Capital Assets	26,027	25,345	24,229
Total Voted Expenses	$ 346,572	$ 433,959	$ 265,132

in thousands

Schedule 4

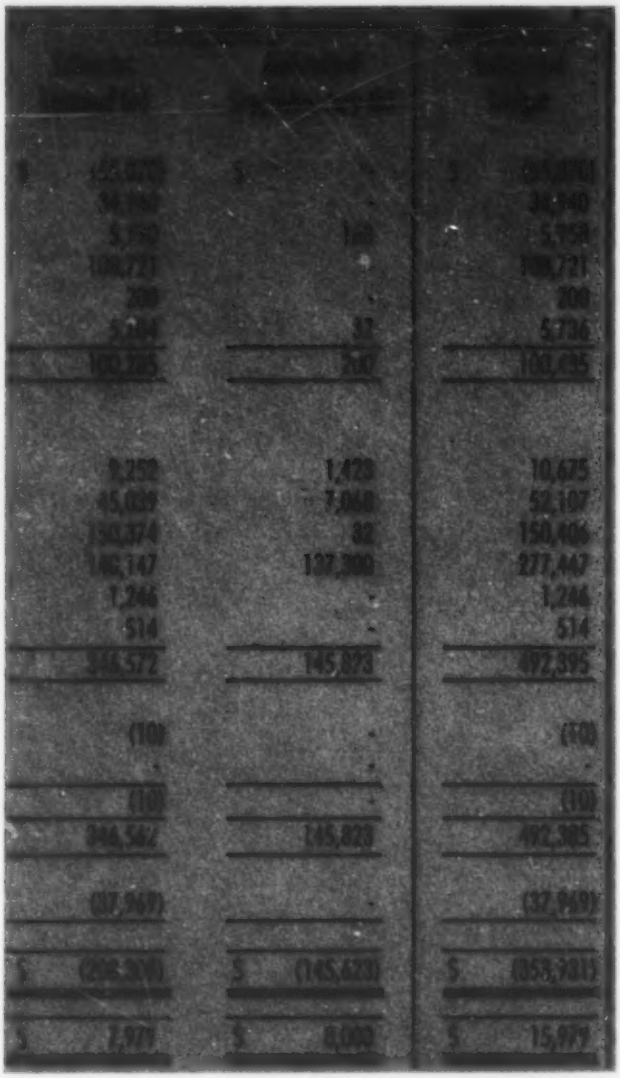
	1999-2000 Estimates Restated (a)	1999-2000 Authorized Supplementary (b)	1999-2000 Authorized Budget
Revenues			
Transfer to Environmental Protection and Enhancement Fund	$ (55,070)	$ -	$ (55,070)
Transfer from Lottery Fund	34,940	-	34,940
Transfers from the Government of Canada	5,790	168	5,958
Fees, Permits and Licenses	108,721	-	108,721
Investment Income	200	-	200
Other Revenue	5,704	32	5,736
	100,285	200	100,485
Expenses:			
Voted			
Ministry Support Services	9,252	1,423	10,675
Environmental Service	45,039	7,068	52,107
Natural Resources Service	150,374	32	150,406
Land and Forest Service	140,147	137,300	277,447
Natural Resources Conservation Board	1,246	-	1,246
Environmental Appeal Board	514	-	514
	346,572	145,823	492,395
Valuation Adjustments			
Provision for Doubtful Accounts	(10)	-	(10)
Provision for Vacation Pay	-	-	-
	(10)	-	(10)
Total Expenses	346,562	145,823	492,385
Gain on Disposal of Capital Assets	(37,969)	-	(37,969)
Net Operating Results	$ (208,308)	$ (145,623)	$ (353,931)
Capital Investment	$ 7,979	$ 8,000	$ 15,979

(a) Effective April 1, 1999, the responsibilities of the department changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year.

(b) Supplementary estimates were approved on May 12, 1999, December 9, 1999 and March 14, 2000. Treasury Board approval is pursuant to section 29(1.1) of the *Financial Administration Act*.

in thousands

Schedule 4



Revenues			
Transfer to Environmental Protection and Enhancement Fund	$ [redacted]	$ -	$ [redacted]
Transfer from Lottery Fund	[redacted]	-	[redacted]
Transfers from the Government of Canada	[redacted]	[redacted]	[redacted]
Fees, Permits and Licenses	[redacted]	-	[redacted]
Investment Income	[redacted]	-	[redacted]
Other Revenue	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]
Expenses:			
Voted			
Ministry Support Services	[redacted]	[redacted]	[redacted]
Environmental Service	[redacted]	[redacted]	[redacted]
Natural Resources Service	[redacted]	[redacted]	[redacted]
Land and Forest Service	[redacted]	[redacted]	[redacted]
Natural Resources Conservation Board	[redacted]	-	[redacted]
Environmental Appeal Board	[redacted]	-	[redacted]
	[redacted]	[redacted]	[redacted]
Valuation Adjustments			
Provision for Doubtful Accounts	[redacted]	-	[redacted]
Provision for Vacation Pay	-	-	-
	[redacted]	-	[redacted]
Total Expenses	[redacted]	[redacted]	[redacted]
Gain on Disposal of Capital Assets	[redacted]	-	[redacted]
Net Operating Results	$ [redacted]	$ [redacted]	$ [redacted]
Capital Investment	$ [redacted]	$ [redacted]	$ [redacted]

(a) Effective April 1, 1999, the responsibilities of the department changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year.

(b) Supplementary estimates were approved on May 12, 1999, December 9, 1999 and March 14, 2000. Treasury Board approval is pursuant to section 29(1.1) of the *Financial Administration Act*.

Schedule to the Financial Statements

Comparison of Expenses by Element to Authorized Budget

For the year ended March 31, 2000

in thousands

Schedule 5

		1999-2000 Estimates Restated (a)	Authorized Supplementary (b)	1999-2000 Authorized Budget	1999-2000 Actual Expense	Unexpended (Over Expended)
Voted Expense						
Ministry Support Services						
1.0.1	Minister's Office	$ 359	$ -	$ 359	$ 350	$ 9
1.0.2	Deputy Minister's Office	669	-	669	654	15
1.0.3	Financial Services					
	- Operating Expense	4,790	-	4,790	4,544	246
	- Capital Investment	28	-	28	86	(58)
1.0.4	Communications	1,497	-	1,497	1,426	71
1.0.5	Human Resources	1,902	-	1,902	2,055	(153)
1.0.6	Achievement Award	-	1,423	1,423	1,423	-
1.0.7	Amortization of Capital Investment	35	-	35	37	(2)
	TOTAL PROGRAM 1	9,280	1,423	10,703	10,575	128
Environmental Service						
2.1	Provincial Operations					
2.1.1	Environmental Assessment and Strategy	7,045	6,168	13,213	13,192	21
2.1.2	Enforcement and Monitoring					
	- Operating Expense	5,865	-	5,865	6,498	(633)
	- Capital Investment	352	-	352	262	90
2.1.3	Compliance	638	-	638	604	34
2.1.4	Environmental Sciences					
	- Operating Expense	9,274	-	9,274	9,266	8
	- Capital Investment	-	-	-	7	(7)
2.1.5	Environmental Operations					
	- Operating Expense	6,437	900	7,337	6,862	476
	- Capital Investment	219	-	219	144	74
2.1.6	Freedom of Information and Protection of Privacy	569	-	569	586	(17)
	Total Sub-program	30,399	7,068	37,467	37,421	46
2.2	Regional Operations					
2.2.1	Prairie Region	1,772	-	1,772	1,793	(21)
2.2.2	Bow Region	2,808	-	2,808	3,027	(219)
2.2.3	Parkland Region	2,807	-	2,807	3,026	(219)
2.2.4	Northern East Slopes Region	2,248	-	2,248	2,282	(34)
2.2.5	Northeast Boreal Region	3,180	-	3,180	3,432	(252)
2.2.6	Northwest Boreal Region	1,922	-	1,922	1,910	12
	Total Sub-program	14,737	-	14,737	15,470	(733)
2.3	Non-Cash Transactions					
2.3.1	Amortization of Capital Investment	474	-	474	748	(274)
	Total Sub-program	474	-	474	748	(274)
	TOTAL PROGRAM 2	45,610	7,068	52,678	53,639	(961)

in thousands

Schedule 5 - cont'd

		1999-2000 Estimates Restated (a)	Authorized Supplementary (b)	1999-2000 Authorized Budget	1999-2000 Actual Expense	Unexpended (Over Expended)
Natural Resources Service						
3.1	Resources Management					
3.1.1	Client and Licensing Services					
	- Operating Expense	6,033	-	6,033	6,241	(208)
	- Operating Expense funded by Lotteries	1,267	-	1,267	1,267	-
	- Capital Investment	477	-	477	280	197
3.1.2	Enforcement Field Services					
	- Operating Expense	1,304	-	1,304	1,576	(272)
	- Operating Expense funded by Lotteries	274	-	274	274	-
	- Capital Investment	-	-	-	27	(27)
3.1.3	Water Management					
	- Operating Expense	11,942	-	11,942	12,744	(802)
	- Operating Expense funded by Lotteries	5,447	-	5,447	5,447	-
	- Capital Investment	350	8,000	8,350	6,830	1,520
3.1.4	Fisheries and Wildlife Management					
	- Operating Expense	3,346	-	3,346	3,579	(233)
	- Operating Expense funded by Lotteries	702	-	702	702	-
	- Capital Investment	-	-	-	82	(82)
3.1.5	Recreation and Protected Area					
	- Operating Expense	2,514	-	2,514	2,890	(376)
	- Operating Expense funded by Lotteries	532	-	532	532	-
	Total Sub Program	34,188	8,000	42,188	42,471	(283)
3.2	Regional Operations					
3.2.1	Northwest Boreal Region					
	- Operating Expense	7,191	-	7,191	7,203	(12)
	- Operating Expense funded by Lotteries	1,443	-	1,443	1,443	-
	- Capital Investment	430	-	430	292	138
3.2.2	Northeast Boreal Region					
	- Operating Expense	6,412	-	6,412	5,916	496
	- Operating Expense funded by Lotteries	1,280	-	1,280	1,280	-
	- Capital Investment	257	-	257	195	62
3.2.3	Northern East Slopes Region					
	- Operating Expense	4,127	-	4,127	4,432	(305)
	- Operating Expense funded by Lotteries	801	-	801	801	-
	- Capital Investment	430	-	430	364	66
3.2.4	Bow Region					
	- Operating Expense	12,572	-	12,572	12,287	285
	- Operating Expense funded by Lotteries	2,554	-	2,554	2,554	-
	- Capital Investment	1,405	-	1,405	987	418
3.2.5	Parkland Region					
	- Operating Expense	8,100	32	8,132	7,542	590
	- Operating Expense fund by Lotteries	1,606	-	1,606	1,606	-
	- Capital Investment	900	-	900	771	129
3.2.6	Prairie Region					
	- Operating Expense	9,993	-	9,993	10,105	(112)
	- Operating Expense fund by Lotteries	2,034	-	2,034	2,034	-
	- Capital Investment	1,112	-	1,112	979	133
	Total Sub-program	62,647	32	62,679	60,791	1,888
3.3	Non-Cash Transactions					
3.3.1	Amortization of Capital Investment	23,900	-	23,900	23,263	637
3.3.2	Nominal Sum Disposals	35,000	-	35,000	-	35,000
	Total Sub Program	58,900	-	58,900	23,263	35,637
	TOTAL PROGRAM 3	155,735	8,032	163,767	126,525	37,242

in thousands

Schedule 5- cont'd

		1999-2000 Estimates Restated (a)	Authorized Supplementary (b)	1999-2000 Authorized Budget	1999-2000 Actual Expense	Unexpended (Over Expended)
Land and Forest Service						
4.1	Provincial Operations					
4.1.1	Forest Management					
	- Operating Expense	22,687	-	22,687	16,994	5,693
	- Capital Investment	637	-	637	181	456
4.1.2	Forest Protection					
	- Operating Expense	6,577	3,300	9,877	8,791	1,086
	- Capital Investment	185	-	185	446	(261)
4.1.3	Land Administration					
	- Operating Expense	8,468	-	8,468	10,854	(2,386)
	- Capital Investment	120	-	120	676	(556)
4.1.4	Resource Data					
	- Operating Expense	7,561	-	7,561	9,489	(1,928)
	- Capital Investment	680	-	680	211	469
	Total Sub-program	46,915	3,300	50,215	47,642	2,573
4.2	Regional Operations					
4.2.1	Northeast Boreal Region					
	- Operating Expense	6,696	-	6,696	6,429	267
	- Capital Investment	35	-	35	39	(4)
4.2.2	Parkland/Bow/Prairie Region					
	- Operating Expense	5,966	-	5,966	5,979	(13)
	- Capital Investment	35	-	35	39	(4)
4.2.3	Northern East Slopes Region					
	- Operating Expense	5,643	-	5,643	5,723	(80)
	- Capital Investment	35	-	35	39	(4)
4.2.4	Northwest Boreal Region					
	- Operating Expense	9,764	-	9,764	9,268	496
	- Capital Investment	257	-	257	59	198
	Total Sub-program	28,431	-	28,431	27,575	856
4.3	Fire Suppression					
4.3.1	Fire Suppression					
	- Operating Expense	38,167	134,000	172,167	161,261	10,906
	- Operating Expense funded by Lotteries	17,000	-	17,000	17,000	-
	- Capital Investment	35	-	35	158	(123)
	Total Sub-program	55,202	134,000	189,202	178,419	10,783
4.4	Non-Cash Transactions					
4.4.1	Amortization of Capital Investment	1,618	-	1,618	1,297	321
4.4.2	Nominal Sum Disposals	10,000	-	10,000	-	10,000
	Total Sub-program	11,618	-	11,618	1,297	10,321
	TOTAL PROGRAM 4	142,166	137,300	279,466	254,933	24,533

in thousands

Schedule 5- cont'd

	1999-2000 Estimates Restated (a)	Authorized Supplementary (b)	1999-2000 Authorized Budget	1999-2000 Actual Expense	Unexpended (Over Expended
Reporting Agencies					
5.1 Administrative Appeal Services					
5.1.1 Environmental Appeal Board	514	-	514	745	(231)
Total Sub-program	514	-	514	745	(231)
5.2 Assistance to Natural Resources Conservation					
5.2.1 Natural Resources Conservation Board	1,246	-	1,246	696	550
Total Sub-program	1,246	-	1,246	696	550
TOTAL PROGRAM 5	1,760	-	1,760	1,441	319
TOTAL VOTED EXPENSES	354,551	153,823	508,374	447,113	61,261
PROGRAM OPERATING EXPENSE	311,632	145,823	457,455	399,019	58,436
PROGRAM OPERATING EXPENSE FUNDED BY LOTTERIES	34,940	-	34,940	34,940	-
	346,572	145,823	492,395	433,959	58,436
PROGRAM CAPITAL INVESTMENT	7,979	8,000	15,979	13,154	2,825
TOTAL VOTED EXPENSES	$ 354,551	$ 153,823	$ 508,374	$ 447,113	$ 61,261

(a) Effective April 1, 1999, the responsibilities of the department changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year.

(b) Supplementary estimates were approved on May 12, 1999, December 9, 1999 and March 14, 2000. Treasury Board approval is pursuant to section 29(1.1) of the *Financial Administration Act*.

Schedule 6

	1999
	Total
CURRENT EXECUTIVES	
Deputy Minister[4]	$ 168,055
Assistant Deputy Ministers	
Environmental Service[5]	120,363
Natural Resources Service	124,001
Land and Forest Service[6]	129,598
Executive Director, Financial Services[7]	107,608
Executive Director, Human Resource Service	110,303
Executive Director, Environmental Policy Secretariat[8]	-

(1) Prepared in accordance with Treasury Board Directive 12/98. The schedule includes the salary and benefits of current executives:

This includes the salary and benefits of the last incumbent. Where the last incumbent has held the position for part of the year, his/her salary and benefits as an executive in previous positions with the government reporting entity are also included.

(2) Salaries include regular base pay, bonuses and lump sum payments.

(3) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) The benefits and allowances portion of the 1999-2000 disclosure for the deputy minister includes a vacation payout of $7,232. An automobile is provided, no dollar amount included in benefits and allowances figures.

(5) The benefits and allowances portion of the 1999-2000 disclosure for the assistant deputy minister, Environmental Service includes a professional membership fee of $245.

(6) The benefits and allowances portion of the 1999-2000 disclosure for the assistant deputy minister, Land and Forest Service includes a vacation payout of $8,051 and a professional membership fee of $400.

(7) The benefits and allowances portion of the 1999-2000 disclosure for the executive director, Financial Services includes a professional membership fee of $745.

(8) Position created on November 22, 1999 and was occupied from November 22, 1999.

Schedule 6

	2000			1999
	Salary[1] [2]	Benefits & Allowances[3]	Total	Total
CURRENT EXECUTIVES				
Deputy Minister [4]	$ 154,180	$ 24,418	$ 178,598	$ 168,055
Assistant Deputy Ministers				
Environmental Service [5]	114,946	15,919	130,865	120,363
Natural Resources Service	114,946	15,730	130,676	124,001
Land and Forest Service [6]	117,112	24,240	141,352	129,598
Executive Director, Financial Services [7]	100,586	14,137	114,723	107,608
Executive Director, Human Resource Service	99,112	14,497	113,609	110,303
Executive Director, Environmental Policy Secretariat [8]	36,636	5,527	42,163	-

(1) Prepared in accordance with Treasury Board Directive 12/98. The schedule includes the salary and benefits of current executives.

This includes the salary and benefits of the last incumbent. Where the last incumbent has held the position for part of the year, his/her salary and benefits as an executive in previous positions with the government reporting entity are also included.

(2) Salaries include regular base pay, bonuses and lump sum payments.

(3) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) The benefits and allowances portion of the 1999-2000 disclosure for the deputy minister includes a vacation payout of $7,252. An automobile is provided, no dollar amount included in benefits and allowances figures.

(5) The benefits and allowances portion of the 1999-2000 disclosure for the assistant deputy minister, Environmental Service includes a professional membership fee of $245.

(6) The benefits and allowances portion of the 1999-2000 disclosure for the assistant deputy minister, Land and Forest Service includes a vacation payout of $8,051 and a professional membership fee of $400.

(7) The benefits and allowances portion of the 1999-2000 disclosure for the executive director, Financial Services includes a professional membership fee of $745.

(8) Position created on November 22, 1999 and was occupied from November 22, 1999.

in thousands

Schedule 7

Related parties are those entities consolidated in the province of Alberta's financial statements. Related parties also include management in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The department had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Revenues				
Grants	$ -	$ -	$ 34,940	$ -
Fees and Charges	-	-	141	146
	$ -	$ -	$ 35,081	$ 146
Expenses				
Grants	$ 127,417	$ 450	$ 53	$ -
Other Services	-	-	2,496	5,226
	$ 127,417	$ 450	$ 2,549	$ 5,226
Capital Assets Transferred	$ -	$ -	$ 2,267	$ 2,210
Receivable From	$ 1,510	$ 64	$ -	$ -
Payable To	$ 52,910	$ 46,932	$ -	$ -

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Expenses				
Accommodation	$ -	$ -	$ 17,435	$ 17,908

in thousands

Schedule 7

Related parties are those entities consolidated in the province of Alberta's financial statements. Related parties also include management in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The department had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	[redacted]	1999	[redacted]	1999
Revenues				
Grants	$ -	$ -	$ 34,940	$ -
Fees and Charges	-	-	141	146
	$ -	$ -	$ 35,081	$ 146
Expenses				
Grants	$ 127,417	$ 450	$ 53	$ -
Other Services	-	-	2,496	5,226
	$ 127,417	$ 450	$ 2,549	$ 5,226
Capital Assets Transferred	$ -	$ -	$ 2,247	$ 2,210
Receivable From	$ 1,510	$ 64	$ -	$ -
Payable To	$ 52,810	$ 46,932	$ -	$ -

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	[redacted]	1999	[redacted]	1999
Expenses				
Accommodation	$ -		$ 17,908	

Environmental Protection and Enhancement Fund

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2000 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Environmental Protection and Enhancement Fund is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across government entitities. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies an exception from generally accepted accounting principles that arises from following the accounting policies established by Alberta Treasury.

Capitalization of assets

Capital asset purchases under $15,000 have been expensed in the year acquired and have not been recognized as an asset in the accompanying statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the statement of operations. Since the fund does not separately identify expenses that are capital in nature, the amount of the misstatement cannot reasonably be determined. However, I believe it to be material.

In my opinion, except for the matter discussed in the preceding section, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 19, 2000

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[redacted] Enhancement Fund

Statement of Financial Position

As at March 31, 2000

in thousands

	[redacted]	1999
Assets		
Cash (Note 4)	$ [redacted]	$ 20,844
Accounts Receivable (Note 5)	[redacted]	46,936
Inventories	[redacted]	911
Capital Assets (Note 3)	[redacted]	1,111
	$ [redacted]	$ 69,802
Liabilities		
Accounts Payable and Accrued Liabilities	$ [redacted]	$ 10,704
Loan Payable (Note 7)	[redacted]	40,000
Provision for Cell Monitoring and Remediation (Note 8)	[redacted]	1,050
Provision for Future Removal and Site Restoration (Note 9)	[redacted]	10,409
	[redacted]	62,163
Net Assets		
Net Assets at Beginning of Year	[redacted]	150,000
Net Operating Results	[redacted]	(133,361)
Assumption of the Assets and Liabilities from the Alberta Special Waste Management Corporation (Note 6)	[redacted]	(9,000)
Net Assets at End of Year (Note 11)	[redacted]	7,639
	$ [redacted]	$ 69,802

The accompanying notes and schedules are part of these financial statements.

in thousands

	[redacted]	[redacted]	1999 Actual
Revenues			
Transfer from the Department (Note 12)	$ [redacted]	$ [redacted]	$ 79,542
Fees, Permits and Licenses	[redacted]	[redacted]	838
Timber Supplemental Fees	[redacted]	[redacted]	491
Investment Income	[redacted]	[redacted]	3,424
Other Revenue	[redacted]	[redacted]	4
	[redacted]	[redacted]	84,299
Expenses			
Forest Development Research Program	[redacted]	[redacted]	525
Land Reclamation	[redacted]	[redacted]	202
Natural Resources Emergency Program			
Forest Fires	[redacted]	[redacted]	211,310
Forest Resource Advancement Program	[redacted]	[redacted]	3,717
Forest Health Program	[redacted]	[redacted]	544
Emergency Spills and Cleanup	[redacted]	[redacted]	253
Intercept Feeding and Fencing	[redacted]	[redacted]	331
Drought/Flood Emergencies	[redacted]	[redacted]	293
Alberta Environmental Research Trust	[redacted]	[redacted]	14
Fish and Wildlife	[redacted]	[redacted]	226
Special Waste Management Program	[redacted]	[redacted]	245
Debt Servicing (Note 7)	[redacted]	[redacted]	-
	[redacted]	[redacted]	217,660
Net Operating Results	$ [redacted]	$ [redacted]	$ (133,361)

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Financial Position

As at March 31, 2000

in thousands

	2000	1999
Assets		
Cash (Note 4)	$ 70,154	$ 20,844
Accounts Receivable (Note 5)	52,999	46,936
Inventories	-	911
Capital Assets (Note 3)	1,111	1,111
	$ 124,264	$ 69,802
Liabilities		
Accounts Payable and Accrued Liabilities	$ 4,243	$ 10,704
Loan Payable (Note 7)	-	40,000
Provision for Cell Monitoring and Remediation (Note 8)	1,050	1,050
Provision for Future Removal and Site Restoration (Note 9)	11,062	10,409
	16,355	62,163
Net Assets		
Net Assets at Beginning of Year	7,639	150,000
Net Operating Results	100,270	(133,361)
Assumption of the Assets and Liabilities from the Alberta Special Waste Management Corporation (Note 6)	-	(9,000)
Net Assets at End of Year (Note 11)	107,909	7,639
	$ 124,264	$ 69,802

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Operations

For the year ended March 31, 2000

in thousands

	2000 Budget	2000 Actual	1999 Actual
Revenues			
Transfer from the Department (Note 12)	$ 55,070	$ 239,476	$ 79,542
Fees, Permits and Licenses	500	817	838
Timber Supplemental Fees	-	461	491
Investment Income	-	1,346	3,424
Other Revenue	-	53	4
	55,570	242,153	84,299
Expenses			
Forest Development Research Program	536	495	525
Land Reclamation	250	400	202
Natural Resources Emergency Program			
Forest Fires	12,000	132,145	211,310
Forest Resource Advancement Program	-	-	3,717
Forest Health Program	500	3,250	544
Emergency Spills and Cleanup	750	369	253
Intercept Feeding and Fencing	80	146	331
Drought/Flood Emergencies	2,000	767	293
Alberta Environmental Research Trust	-	-	14
Fish and Wildlife	-	272	226
Special Waste Management Program	-	1,138	245
Debt Servicing (Note 7)	-	2,901	-
	16,116	141,883	217,660
Net Operating Results	$ 39,454	$ 100,270	$ (133,361)

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	2000	1999
Operating Transactions:		
Net Operating Results	$ 100,270	$ (133,361)
Decrease (Increase) in Accounts Receivable	(6,063)	6,987
Decrease in Inventories	911	258
Decrease in Accounts Payable and Accrued Liabilities	(6,461)	(108,181)
Increase for Future Removal and Site Restoration	653	97
Cash Used by Operating Transactions	89,310	(234,200)
Financing Transactions:		
Advance from (Repayment to) Alberta Treasury	(40,000)	40,000
Cash Provided (Used) by Financing Transactions	(40,000)	40,000
Transfers from Alberta Special Waste Management Corporation (Note 6)		
Capital Assets	-	(1,111)
Provision for Warehouse Site Restoration	-	62
Provision for Cell Monitoring and Remediation	-	1,050
Provision for Future Removal and Site Restoration	-	10,250
Deficit	-	(9,000)
	-	1,251
Net Cash Provided (Used)	49,310	(192,949)
Cash, Beginning of Year	20,844	213,793
Cash, End of Year	$ 70,154	$ 20,844

The accompanying notes and schedules are part of these financial statements.

[redacted] Fund

Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	1999
Operating Transactions:	
Net Operating Results	$ (133,361)
Decrease (Increase) in Accounts Receivable	6,987
Decrease in Inventories	258
Decrease in Accounts Payable and Accrued Liabilities	(108,181)
Increase for Future Removal and Site Restoration	97
Cash Used by Operating Transactions	(234,200)
Financing Transactions:	
Advance from (Repayment to) Alberta Treasury	40,000
Cash Provided (Used) by Financing Transactions	40,000
Transfers from Alberta Special Waste Management Corporation (Note 6)	
Capital Assets	(1,111)
Provision for Warehouse Site Restoration	62
Provision for Cell Monitoring and Remediation	1,050
Provision for Future Removal and Site Restoration	10,250
Deficit	(9,000)
	1,251
Net Cash Provided (Used)	(192,949)
Cash, Beginning of Year	213,793
Cash, End of Year	$ 20,844

The accompanying notes and schedules are part of these financial statements.

in thousands

Note 1 Authority

The Environmental Protection and Enhancement Fund (the fund) operates under the authority of the *Environmental Protection and Enhancement Act*, Chapter E 13.3 Statutes of Alberta 1992.

The fund is comprised of the following components:

Forest Development Research Program

Land Reclamation

Natural Resources Emergency Program

Special Waste Management Program (Commenced November 1, 1998)

Note 2 Purpose

The fund shall be used for the purposes of environmental protection and enhancement and emergencies with respect to any matter that is under the administration of the Minister of Environment.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

The financial statements are prepared in accordance with the following accounting policies that have been established by the government. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the fund, which is part of the Ministry of Environment (the Ministry) and for which the Minister of Environment is accountable. Other entities reporting to the Minister include the Department of Environment and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements.

The Ministry annual report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting.

Expenses

Expenses represent the costs of resources consumed during the year on the fund's operations.

in thousands

Certain expenses, primarily for office space, legal advice, and banking services, incurred on behalf of the fund by other ministries, are not reflected in the Statement of Operations.

Assets

Capital assets consist of land held for resale which is recorded at the lower of cost and net realizable value.

Liabilities

Liabilities represent all financial claims payable by the fund at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 4 Cash

Cash consists of investment in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the CCITF investments, carrying value approximates fair value.

Note 5 Accounts Receivable

	2000	1999
Department of Environment	$ 52,885	$ 46,853
Other	114	83
	$ 52,999	$ 46,936

in thousands

Certain expenses, primarily for office space, legal advice, and banking services, incurred on behalf of the fund by other ministries, are not reflected in the Statement of Operations.

Assets

Capital assets consist of land held for resale which is recorded at the lower of cost and net realizable value.

Liabilities

Liabilities represent all financial claims payable by the fund at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 4 Cash

Cash consists of investment in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the CCITF investments, carrying value approximates fair value.

Note 5 Accounts Receivable

	[redacted]	1999
Department of Environment	$ [redacted]	$ 46,853
Other	[redacted]	83
	$ [redacted]	$ 46,936

in thousands

[redacted]

The assets, liabilities and obligations of Alberta Special Waste Management Corporation were transferred to the fund on November 1, 1998.

[redacted]

The loan payable $0 (1999, $40,000) represents the line of credit payable to Alberta Treasury. In 1999, the fund required additional funding for fire costs. The interest rate charged on the outstanding balance was the daily-published average of the bid price of one-month Canada bankers' acceptance rates. Interest charges ($2,901) were calculated on a prorata basis for the number of days the advance was outstanding.

[redacted]

The fund has assumed from ASWMC the responsibility to maintain the integrity of landfill cells at the Swan Hills waste treatment plant. The obligation was originally jointly funded and established by BOVAR and ASWMC at $1,000, which was the estimated costs of any required future cell monitoring, repair or replacement. The recorded obligation of $1,050 is the current provision for future estimated costs.

[redacted]

ASWMC had been responsible for all site remediation that may be required upon closure of the Swan Hills waste treatment plant. With the *Repeal Act* taking effect on November 1, 1998, the fund is now responsible for these costs. A consultant's study in 1995 indicated the estimated cost of decommissioning the plant could range from $31,000 to $57,000. An updated study was conducted in 1998 resulting in revised estimated costs of three defined scenarios of $8,900, $21,000 and $21,600. The amount of $21,000 has been used as the new estimate and the annual provision for site restoration has been updated accordingly.

At March 31, 1998 the amount of $9,750 was accumulated as a provision for future removal and site restoration. In conjunction with the above estimate, the remaining $11,250 is being amortized on a straight-line basis. This results in an annual provision of $625 over 18 years commencing in 1998/1999. Because assumptions can change, as can the decommissioning methods used, these costs could decrease or increase by a material amount.

Note 10 Commitments

The fund has commitments to outside organizations with respect to contracts entered into before March 31, 2000, amounting to $82,478 (1999, $0).

Note 11 Surplus

The net assets for the fund is capped at $150,000 as per Alberta Treasury directive.

Note 12 Transfers from the Department

Revenues

The following revenue was received or receivable from the Department of Environment.

	2000	1999
Revenue in Excess of Department's Base Revenue[1]	$ 112,779	$ 79,542
Supplementary Estimate:		
Forest Fires	123,047	-
Forest Health Program	2,750	-
Special Waste Management Program	900	-
	$ 239,476	$ 79,542

1) All revenue received by the department that is in excess of the department's base revenue of $54,045 (1999, $58,135).

Note 13 Salary and Benefits Disclosure

The province's salary and benefit disclosure requirements for the executives are disclosed in the financial statements of the Department of Environment.

in thousands

[redacted]

The fund has commitments to outside organizations with respect to contracts entered into before March 31, 2000, amounting to $82,478 (1999, $0).

[redacted]

The net assets for the fund is capped at $150,000 as per Alberta Treasury directive.

[redacted]

Revenues

The following revenue was received or receivable from the Department of Environment.

[redacted]

	1999
Revenue in Excess of Department's Base Revenue[1]	$ 79,542
Supplementary Estimate:	
Forest Fires	-
Forest Health Program	-
Special Waste Management Program	-
	$ 79,542

1) All revenue received by the department that is in excess of the department's base revenue of $54,045 (1999, $58,135)

[redacted]

The province's salary and benefit disclosure requirements for the executives are disclosed in the financial statements of the Department of Environment.

in thousands

The revenue and expenditure budget amounts disclosed in these financial statements agree with the 1999-2000 government estimates.

The financial statements were approved by the senior financial officer and the deputy minister.

[redacted] Fund

Schedule to the Financial Statements

Expense Detail by Object

March 31, 2000

in thousands

	1999 Actual
Salaries, Wages and Employee Benefits	$ 20,199
Supplies and Services	186,880
Grants	10,484
Financial Transactions and Other	97
Total Expenses	$ 217,660

in thousands

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the fund.

The fund had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry	Other Entities
	1999	1999
Revenues		
Transfers from the Department	$ 79,542	$ -
Grants	-	-
Fees and Charges	-	-
	$ 79,542	$ -
Expenses		
Grants	$ -	$ -
Other Services	-	-
Interest	-	-
	$ -	$ -
Receivable From	$ 46,853	$ -
Payable To	$ 64	$ -

Environmental Protection and Enhancement Fund

Schedule to the Financial Statements

Expense Detail by Object

March 31, 2000

in thousands

	2000 Budget	2000 Actual	1999 Actual
Salaries, Wages and Employee Benefits	$ 2,876	$ 14,800	$ 20,199
Supplies and Services	12,754	122,993	186,880
Grants	486	536	10,484
Financial Transactions and Other	-	3,554	97
Total Expenses	$ 16,116	$ 141,883	$ 217,660

in thousands

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the fund.

The fund had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Revenues				
Transfers from the Department	$ 112,779	$ 79,542	$ -	$ -
Grants	126,696	-	-	-
Fees and Charges	-	-	-	-
	$ 239,476	$ 79,542	$ -	$ -
Expenses				
Grants	$ -	$ -	$ -	$ -
Other Services	-	-	3,644	-
Interest	-	-	2,901	-
	$ -	$ -	$ 6,545	$ -
Receivable From	$ 52,885	$ 46,853	$ -	$ -
Payable To	$ 1,510	$ 64	$ 402	$ -

Natural Resources Conservation Board

I have audited the balance sheet of the Natural Resources Conservation Board as at March 31, 2000 and the statements of revenue, expense and operating surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The board is required to follow the corporate government accounting policies and reporting practices established by Alberta Treasury, including the following policy that is an exception from generally accepted accounting principles. As disclosed in Note 8, accommodation and certain other administration costs incurred in the operation of the board have not been included in expenses. These costs, estimated at $131,000, are recorded by the departments that paid the expenses on behalf of the board.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 12, 2000

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[redacted] Board

Balance Sheet

As at March 31, 2000

in thousands

	1999
ASSETS	
Current	
Cash (Note 3)	$ 1,009
Accounts Receivable	22
	1,031
Capital Assets (Note 4)	85
	$ 1,116
LIABILITIES AND OPERATING SURPLUS	
Current	
Accounts Payable	$ 45
Accumulated Operating Surplus	1,071
	$ 1,116

The accompanying notes are part of these financial statements.

[redacted] Conservation Board

Statement of Revenue, Expense and Operating Surplus

For the year ended March 31, 2000

in thousands

	1999 Actual
Revenue	
Grants from the Department of Environment	$ 450
Interest	90
Other	19
	559
Expense	
Salaries and Employee Benefits (Note 7)	503
Achievement Bonus and Benefits (Note 7)	26
Contribution to EUB (Note 9)	17
Amortization of Capital Assets	58
Transcripts and Office	30
Travel and Automobile	17
Telecommunications	11
Technical Proficiency and Training (Note 7)	14
Consulting and Professional Fees	25
Advertising	-
Postage, Freight and Courier	2
Hosting and Promotion	1
Hearing Room Rent and Parking	-
	704
Operating Surplus (Deficit) for the Year	$ (145)
Operating Surplus at Beginning of Year	1,071 1,216
Operating Surplus at End of Year	1,141 1,071

The accompanying notes are part of these financial statements.

Natural Resources Conservation Board

Balance Sheet

As at March 31, 2000

in thousands

	2000	1999
ASSETS		
Current		
Cash (Note 3)	$ 1,129	$ 1,009
Accounts Receivable	31	22
	1,160	1,031
Capital Assets (Note 4)	45	85
	$ 1,205	$ 1,116
LIABILITIES AND OPERATING SURPLUS		
Current		
Accounts Payable	$ 64	$ 45
Accumulated Operating Surplus	1,141	1,071
	$ 1,205	$ 1,116

The accompanying notes are part of these financial statements.

Natural Resources Conservation Board

Statement of Revenue, Expense and Operating Surplus

For the year ended March 31, 2000

in thousands

	2000 Budget (Note 6)	2000 Actual	1999 Actual
Revenue			
Grants from the Department of Environment	$ 1,246	$ 721	$ 450
Interest	52	91	90
Other	2	5	19
	1,300	817	559
Expense			
Salaries and Employee Benefits (Note 7)	935	447	503
Achievement Bonus and Benefits (Note 7)	-	27	26
Contribution to EUB (Note 9)	-	155	17
Amortization of Capital Assets	55	49	58
Transcripts and Office	68	24	30
Travel and Automobile	153	12	17
Telecommunications	14	11	11
Technical Proficiency and Training (Note 7)	18	10	14
Consulting and Professional Fees	40	8	25
Advertising	12	1	-
Postage, Freight and Courier	3	1	2
Hosting and Promotion	1	1	1
Hearing Room Rent and Parking	5	1	-
	1,304	747	704
Operating Surplus (Deficit) for the Year	$ (4)	$ 70	$ (145)
Operating Surplus at Beginning of Year		1,071	1,216
Operating Surplus at End of Year		1,141	1,071

The accompanying notes are part of these financial statements.

Natural Resources Conservation Board

Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	2000	1999
Cash Provided By (Used In):		
Operating Activities		
Operating Surplus (Deficit)	$ 70	$ (145)
Non-Cash Expense:		
Amortization	49	58
Decrease in Pension Liability	-	(34)
	119	(121)
Change in Non-cash Working Capital		
Accounts Receivable	(10)	18
Accounts Payable	20	(35)
	129	(138)
Investing Activities		
Acquisition of Capital Assets	(9)	(4)
Net Increase (Decrease) in Cash	120	(142)
Cash at Beginning of Year	1,009	1,151
Cash at End of Year	$ 1,129	$ 1,009

The accompanying notes are part of these financial statements.

[redacted] Board

Statement of Changes in Financial Position

For the year ended March 31, 2000

in thousands

	1999
Cash Provided By (Used In):	
Operating Activities	
Operating Surplus (Deficit)	$ (145)
Non-Cash Expense:	
Amortization	58
Decrease in Pension Liability	(34)
	(121)
Change in Non-cash Working Capital	
Accounts Receivable	18
Accounts Payable	(35)
	(138)
Investing Activities	
Acquisition of Capital Assets	(4)
Net Increase (Decrease) in Cash	(142)
Cash at Beginning of Year	1,151
Cash at End of Year	$ 1,009

The accompanying notes are part of these financial statements.

in thousands

Authority

The Natural Resources Conservation Board (the "board") operates under the authority of the *Natural Resources Conservation Board Act*, chapter N-5.5, Statutes of Alberta 1990. The board provides for an impartial process to review projects that will or may affect the natural resources of the province of Alberta.

Purpose

These financial statements have been prepared in accordance with generally accepted accounting principles.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	-	3 year straight line
Computer Software	-	100% straight line
Office Equipment	-	20% declining balance
Office Furniture	-	20% declining balance

(b) Revenue Recognition

Operating grants are recorded as revenue in the years for which they are approved. All revenues are reported on the accrual method of accounting.

The board returned $550 of the grant received from the Department of Environment in order to preserve its operating surplus at the levels required for sound fiscal management.

(c) Expenses

Expenses represent the cost of resources consumed during the year. Expenses include amortization of capital assets.

(d) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of accounts receivable and accounts payable are estimated to approximately their book values.

in thousands

Cash includes $1,129 (1999, $1,009) invested in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

		1999
		Net
Computer Hardware		$ 42
Computer Software		2
Office Equipment		12
Office Furniture		29
		$ 85

The board maintains a defined contribution benefit plan for its employees. Pension expense of $47 (1999: $42) is included in the Statement of Revenue, Expense and Operating Surplus within salaries and employee benefits. Pension expense comprises the cost of employer contributions for current service of employees during the year.

The 1999-2000 budget was approved by the board on May 26, 1999.

in thousands

[redacted]

	1999	
	Number of Individuals	Total
Chairman of the Board(3)	0.07	9
Board Counsel	1.00	113
Acting Board Members(4)	0.18	22

(1) Salary includes regular base pay, lump sum payments, achievement bonus awards and other direct cash remuneration.

(2) The board's share of all employee benefits and contributions or payments made on behalf of employees including the board's share of pension contributions, statutory and flexible health benefits, professional memberships, tuition fees, personal development incentives and vacation pay payouts paid. The board is a participant in the Alberta Energy and Utilities Board flexible health benefit plan.

(3) The chairman is not paid a salary directly by the board. The chairman is a full time member of the board. The board reimburses the AEUB for the total salary and benefits.

(4) Acting board members are paid on the basis of contractual arrangements.

(5) The number of individuals shown reflects a proration for individuals not employed for the whole year.

[redacted]

In addition to the grants from the Department of Environment and the contribution of services provided by EUB, the board incurred expenses of $41 (1999: $29) for goods and services provided by other government departments and agencies.

Expenses

Certain expenses, primarily for office space incurred on behalf of the board by the Department of Infrastructure, are not reflected in these statements. The board has limited control over the location and costs related to the board's offices. These decisions are primarily driven by the Department of Infrastructure. These expenses amount to approximately $131 for 1999-2000 (1999: $129).

in thousands

Note 3 Cash

Cash includes $1,129 (1999, $1,009) invested in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 4 Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net	Net
Computer Hardware	$ 166	$ 157	$ 9	$ 42
Computer Software	22	18	4	2
Office Equipment	27	18	9	12
Office Furniture	113	90	23	29
	$ 328	$ 283	$ 45	$ 85

Note 5 Pension

The board maintains a defined contribution benefit plan for its employees. Pension expense of $47 (1999: $42) is included in the Statement of Revenue, Expense and Operating Surplus within salaries and employee benefits. Pension expense comprises the cost of employer contributions for current service of employees during the year.

Note 6 Budget

The 1999-2000 budget was approved by the board on May 26, 1999.

in thousands

Note 7 Salaries and Benefits

	2000				1999	
	Number of Individuals[5]	Salary[1]	Benefits & Allowances[2]	Total	Number of Individuals	Total
Chairman of the Board[3]	0.20	$ 23	$ 5	$ 28	0.07	9
Board Counsel	1.00	101	22	123	1.00	113
Acting Board Members[4]	0.01	3	-	3	0.18	22

(1) Salary includes regular base pay, lump sum payments, achievement bonus awards and other direct cash remuneration.

(2) The board's share of all employee benefits and contributions or payments made on behalf of employees including the board's share of pension contributions, statutory and flexible health benefits, professional memberships, tuition fees, personal development incentives and vacation pay payouts paid. The board is a participant in the Alberta Energy and Utilities Board flexible health benefit plan.

(3) The chairman is not paid a salary directly by the board. The chairman is a full time member of the board. The board reimburses the AEUB for the total salary and benefits.

(4) Acting board members are paid on the basis of contractual arrangements.

(5) The number of individuals shown reflects a proration for individuals not employed for the whole year.

Note 8 Related Party Transactions

In addition to the grants from the Department of Environment and the contribution of services provided by EUB, the board incurred expenses of $41 (1999: $29) for goods and services provided by other government departments and agencies.

Expenses

Certain expenses, primarily for office space incurred on behalf of the board by the Department of Infrastructure, are not reflected in these statements. The board has limited control over the location and costs related to the board's offices. These decisions are primarily driven by the Department of Infrastructure. These expenses amount to approximately $131 for 1999-2000 (1999: $129).

in thousands

Expense	Shared Services[1]	United Industrial Services Ltd.	Little Bow/ Highwood[2]
Manpower	139	57	50
Office and Consulting	1	2	-
Travel	15	-	3
Telecommunications and Postage	1	-	1
Advertising and Hearing Room	-	-	1
Totals 1999-2000	156	59	55
Totals 1998-1999	17		312

The table shows the expenses for the three largest projects for 1999-2000.

(1) The board has a Memorandum of Understanding (MOU) to share resources on an on-going basis with the AEUB. The MOU will be reviewed annually. The board is both a service provider and a service recipient of the shared services project.

As the service recipient, the resources consist of manpower costs of $3 (1999: $0) included in the Statement of Revenue, Expense and Operating Surplus within salaries and benefits.

(2) These amounts represent the gross expenditures incurred. A portion of these costs is due from the federal government under the Joint NRCB/CEAA Review Agreement. The costs to be recovered for the year ended March 31, 2000 are $1 (1999, $18). These recovered costs are included in Other Revenue.

10 - Approval of Financial

These financial statements were approved by the board.

in thousands

The following statement has been prepared pursuant to Section 28 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

		1999/2000
Remissions Under Section 26 of the *Financial Administration Act*:		$ 0
Compromises Under Section 27 of the *Financial Administration Act*:		
Other Accounts Receivable:		
Environmental Protection and Enhancement Act		
Total Compromises		0
Write-offs:		
Departmental Accounts Receivable	$ 78	
Total Write-offs		78
Total Remissions, Compromises and Write-offs		$ 78

The accompanying notes and schedules are part of these financial statements.

Alphabetical List of Entities' Financial Information in Ministry Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Agricultural Research Institute	Innovation and Science
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc.	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Oil Sands Technology and Research Authority	Innovation and Science
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science, Research and Technology Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development

Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Awasak Child and Family Services Authority	Children's Services
Calgary Rocky View Child and Family Services Authority	Children's Services
Child and Family Services Authority - Region 13	Children's Services
Child and Family Services Authority - Region 14	Children's Services
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Diamond Willow Child and Family Services Authority	Children's Services
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Hearthstone Child and Family Services Authority	Children's Services
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Keystone Child and Family Services Authority	Children's Services
Lottery Fund	Gaming
Ma'Mowe Capital Region Child and Family Services Authority	Children's Services
Metis Settlements Child and Family Services Authority	Children's Services
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development

Ministry of Economic Development[1]	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Neegan Awas'sak Child and Family Services Authority	Children's Services
Persons with Developmental Disabilities Calgary Region Community Board	Health and Wellness
Persons with Developmental Disabilities Central Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Edmonton Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Northeast Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Northwest Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
Persons with Developmental Disabilities South Alberta Community Board	Health and Wellness
Ribstone Child and Family Services Authority	Children's Services
S C Financial Ltd.	Treasury
Sakaigun Asky Child and Family Services Authority	Children's Services
Sakaw Askiy Child and Family Services Authority	Children's Services
Silver Birch Child and Family Services Authority	Children's Services
Southeast Alberta Child and Family Services Authority	Children's Services
Sun Country Child and Family Services Authority	Children's Services

Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
West Yellowhead Child and Family Services Authority	Children's Services
Wild Rose Foundation, The	Community Development
Windsong Child and Family Services Authority	Children's Services

[1] Ministry includes only the department, so separate department financial statements are not necessary.

Entities Included in the Consolidated Government Reporting Entity

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan -Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment